
Washington

DO YOU KNOW?????

What structure in Washington is the largest building in the world?

Answer: The Boeing plant in Everett, with nearly 300,000,000 cubic feet of space.

What Washingtonian was the first American to climb to the summit of Mt. Everest?

Answer: Jim Whittaker in 1963.

Rich history, unique geography, fascinating people and important events abound in Washington State.

The divider pages in this report offer more intriguing information about Washington's early days; cities, towns and counties; mountains, forests, water and wildlife; famous, inspiring people; and other things that make our state unparalleled.



STATE OF WASHINGTON
Booth Gardner, Governor

COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the fiscal year ended June 30, 1987

Prepared by
Office of Financial Management
Richard A. Davis, Director

Olympia, Washington

STATE OF WASHINGTON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Washington

***Introductory
Section***



STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

Insurance Building, M.S. AQ-44 • Olympia, Washington 98504 • (206) 753-5450

December 18, 1987

The Honorable Booth Gardner,
Governor of the State of Washington,
and Members of the Legislature

In accordance with Chapter 43.88 of the Revised Code of Washington, it is my pleasure to transmit to you the Comprehensive Annual Financial Report of the state of Washington for the fiscal year ended June 30, 1987. This report has been prepared by the state's Office of Financial Management with the assistance of all state agencies. Responsibility for the accuracy of the data presented and completeness and fairness of the presentation, including all disclosures, rests with the state. I believe the information as presented is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the state as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain maximum understanding of the state's financial activity have been included.

This report has been prepared in conformance with generally accepted accounting principles. The State Auditor has performed an examination of the general purpose financial statements in accordance with generally accepted auditing standards and his opinion is presented herein.

Report Structure

The Comprehensive Annual Financial Report is divided into three main sections: an introductory section that includes graphic presentations of revenues and expenditures; a financial section beginning with the State Auditor's report and containing the general purpose financial statements, combining financial statements by fund type and other schedules; and a statistical section including financial, economic, and demographic data.

Accounting System and Budgetary Control

The state's accounting records for general governmental, expendable trust and agency funds are maintained on a modified accrual basis. Proprietary, nonexpendable trust and pension trust funds are accounted for on the accrual basis.

In developing and modifying the state's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance that transactions are executed and recorded in accordance with management's authorization, assets are safeguarded against loss from

unauthorized use or disposition, and transactions are recorded in sufficient detail to permit preparation of financial statements and maintain accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived. The evaluation of costs and benefits requires estimates and judgments by management.

Budgetary control is maintained through legislative appropriation and the executive branch allotment process. The Governor is required to submit a biennial budget to the state Legislature. The budget is legally required to be adopted through passage of appropriation bills by the Legislature and approval by the Governor. The appropriated funds are controlled by the executive branch through an allotment process. This process allocates the appropriation into monthly allotments by program, source of funds and object of expenditure. Nonappropriated governmental funds, primarily local college and university funds, are also subject to allotment control by the executive branch.

In 1984, the state passed legislation requiring state budgeting to be on a GAAP basis starting in the 1987-89 Biennium. Budgeting during the 1985-87 Biennium was on a modified cash basis. GAAP based budgeting will reduce current differences between budgeting and accounting.

The state's budgetary policies and procedures, fund accounting structure, and basis of accounting are explained in detail in Note 1 to the combined financial statements.

The Reporting Entity and Its Services

The accompanying Comprehensive Annual Financial Report includes all funds and account groups for which the state exercises oversight responsibility. The determination of "oversight responsibility" is based on criteria established in the Codification of Governmental Accounting and Financial Reporting Standards, section 2100. Note 1 to the combined financial statements explains more fully what financial activities are included and excluded from the reporting entity.

The state provides a wide range of services. These include education, social and health services, transportation, law, public safety, resource and recreation development, public improvements, and general administrative services.

General Governmental Functions

General governmental activities are accounted for in four governmental fund types: the general, special revenue, debt service and capital projects funds. Revenue for general governmental functions totaled \$8.1 billion for the fiscal year ending June 30, 1987. This represents an increase of 7.6 percent over revenue for the fiscal year ending June 30, 1986.

Taxes, the largest source of general governmental revenue, produced 65.5 percent of revenues compared to 65.3 percent in Fiscal Year 1986. This increase reflects the normal rate of revenue growth at the state of Washington. Revenue from various sources for Fiscal Years 1987 and 1986 and the changes between years are as follows (expressed in millions):

Revenue Source	1987		1986		Increase (Decrease) from 1986
	Amount	% of Total	Amount	% of Total	
Taxes	\$5,291	65.5%	\$4,904	65.3%	\$387
Licenses, Permits, and Fees	259	3.2%	229	3.0%	30
Federal Grants-in-Aid	1,831	22.7%	1,684	22.4%	147
Charges for Services	283	3.5%	264	3.5%	19
Miscellaneous Revenues	417	5.1%	431	5.8%	(14)
Total Revenues	8,081	100.0%	7,512	100.0%	569
Other Financing Sources	424		404		20
Total Revenue and Other Sources ...	\$8,505		\$7,916		\$589

Expenditures for general governmental activities totaled \$8.4 billion for fiscal year ending June 30, 1987, representing an 8.8 percent increase from 1986. General governmental expenditures by function for Fiscal Year 1987 and 1986 and the changes between years are displayed below (expressed in millions):

Function	1987		1986		Increase (Decrease) from 1986
	Amount	% of Total	Amount	% of Total	
General Government	\$ 933	11.1%	\$ 902	11.7%	\$ 31
Human Resources	2,531	30.2%	2,203	28.6%	328
Natural Resources	355	4.2%	320	4.2%	35
Transportation	861	10.3%	847	11.0%	14
Education	3,700	44.2%	3,432	44.5%	268
Total Expenditures	\$8,380	100.0%	\$7,704	100.0%	\$676

General governmental expenditures increased primarily for Education and Human Resources. The increase in Human Resources expenditures resulted from increased case loads and medical expenses at the Department of Social and Health Services. Education expenditures increased primarily due to increased apportionments to local school districts and increased funding for higher education.

Debt Administration

In July 1986, the state received an upgrade to its bond rating. Standard and Poor's Corporation raised the state's rating from "AA-" to "AA" and Moody's Investors Service raised the rating from "A" to "A1." This upgrade demonstrates success in improving the financial operations of the state.

At June 30, 1987, outstanding general long-term bonded debt totaled \$2.9 billion, representing an increase of 7.5 percent over June 30, 1986. These bonds were issued primarily to provide funds for capital projects.

The following table presents a summary of general obligation bonds issued during Fiscal Year 1987:

<u>Date of Issue</u>	<u>Amount (Millions)</u>	<u>Average Interest</u>
August 1986		
Offering No. 1	\$99.1	7.48%
Offering No. 2	85.0	7.53%
December 1986	172.8	6.37%
April 1987		
Offering No. 1	61.0	6.10%
Offering No. 2	42.4	6.22%

The ratio of general long-term bonded debt to assessed valuation and the amount of bonded debt per capita and per family are useful indicators of the state's debt position. At June 30, 1987, these data were as follows:

	<u>Amount (Millions)</u>	<u>Ratio of Debt to Assessed Value</u>	<u>Debt per Capita</u>	<u>Debt per Family</u>
General Long-Term Bonded Debt	\$2,909	1.8%	\$649	\$2,192

Cash Management

Statutes provide that certain excess cash balances in the state treasury may be invested by the Office of State Treasurer (OST) through the use of the Cash Management Account. Specifically excluded from the OST Cash Management Account are pension funds, the Workers' Compensation Fund and certain dedicated permanent funds.

OST investment transactions during Fiscal Year 1987 were limited to U.S. Treasury and Agency securities, repurchase agreements, reverse repurchase agreements, certificates of deposit with qualified public depositaries and bankers' acceptances.

Total earnings from investment of the Cash Management Account balances for Fiscal Year 1987 exceeded \$70 million, representing a 5.1 percent increase from 1986. This increase resulted from a growth in the size of the investment portfolios which was partially offset by a drop in interest rates. Investment earnings are credited on a 80 percent/20 percent basis. The general fund receives 20 percent and the participating funds receive 80 percent based on the fund's average daily cash balances.

Proprietary Funds

Combined operating revenues for the state's enterprise funds decreased from \$1,191 million in Fiscal Year 1986 to \$1,182 million in 1987. This decrease is primarily due to a decrease in workers' compensation contributions and the reclassification of the Access Road Revolving Account to a special revenue fund. Combined operating expenses decreased from \$1,160 million to \$1,135 million during the same period. The net change was due to maintenance of costs in workers' compensation programs and the reclassification of the Access Road

Revolving Account. Outstanding enterprise fund bonds at June 30, 1987, totaled \$299 million. Bonds outstanding at year end were issued primarily to provide funding for educational and general facilities.

Combined Fiscal Year 1987 operating revenues and expenses for the state's internal service funds in aggregate amounted to \$241 million and \$220 million, respectively, as compared to 1986 amounts of \$224 million and \$207 million, respectively. The state's principal internal service operations provide the following goods and services to other state agencies: data processing, data communications, printing and duplication, supplies, transportation and other equipment. There were no internal service fund bonds outstanding at June 30, 1987.

Retirement Systems

Total net assets of the state's pension trust funds on a market basis reached \$10.1 billion at June 30, 1987. The latest actuarial valuations of the pension plans indicate that the actuarial present value of accumulated benefits exceeded the actuarial value of net assets available for benefit by \$4.8 billion. The funding ratio for all funds combined was 63 percent at June 30, 1987, which represents no change from June 30, 1986.

General Fixed Assets

General fixed assets of the state are those used in the performance of general governmental functions and exclude fixed assets of enterprise, internal service, and nonexpendable trust funds. As of June 30, 1987, the general fixed assets of the state, net of depreciation, amounted to \$2.1 billion. This represents the actual, estimated historic cost, or fair market value of the assets, as appropriate. Depreciation of general fixed assets is recognized in the state's accounting system. Infrastructure assets, consisting principally of highways, roads, and bridges, are not recorded within general fixed assets.

Certificate of Achievement for Excellence

The Government Finance Officers Association of the United States and Canada (GFOA) established the Certificate of Achievement for Excellence in Financial Reporting Program to encourage governments to publish outstanding financial reports. In order to be awarded such a certificate, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which must conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. This certificate is valid for a period of one year only.

We believe our current report conforms to the Certificate of Achievement for Excellence in Financial Reporting Program requirements and we are submitting it to the GFOA to determine its eligibility for a certificate.

Past Performance and Future Prospects

The state ended the 1985-87 Biennium with an undesignated cash balance of \$164 million. By law, the entire amount is to be transferred to the Revenue Accrual Account for use in funding the state's public pension systems. The Legislature has appropriated the \$164 million to reduce the unfunded liability of the Teachers' Retirement System and the Law Enforcement

Officers' and Fire Fighters' Retirement System. Washington's improved cash position resulted from legislated tax changes, prudent management initiatives, and a stronger than anticipated economy, primarily in the aircraft industry, forest products, and agriculture sectors, which generated higher consumer spending. Increased consumer spending led to revenue collections that exceeded the previous revenue forecast.

The most recent economic and revenue forecast for the state of Washington anticipates a growth recession in Fiscal Year 1988 and a period of limited growth in Fiscal Year 1989. Total personal income was revised upward in the first quarter of Fiscal Year 1988 and revenue collection for the same period met or exceeded initial forecasts. We do foresee a decline in employment in the nuclear industry. However, unfilled orders held by the Boeing Company and a reasonably stable demand for forest and agriculture products contribute to a relatively positive employment outlook for the remainder of the biennium.

Within state government, restructuring and reorganization efforts initiated in the previous biennium are being augmented by the newly established Efficiency and Accountability Commission. The Commission is a joint bipartisan effort by the Governor and the Legislature, with active support from the private sector. The Efficiency Commission's mission is to increase the efficiency and effectiveness of state government programs, reduce costs and develop a lasting public/private partnership.

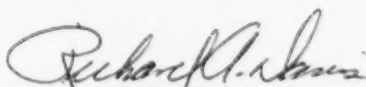
A favorable response is also expected from Congress to implement reforms proposed by the state for the current welfare system. The features of the proposed Family Independence Program are designed to break the cycle of poverty and increase incentives to work.

Acknowledgement

I wish to express my sincere appreciation to the many individuals whose dedicated efforts have made this report possible. The preparation of this report could not have been accomplished without the professionalism and dedication demonstrated by the financial and management personnel of each state agency and institution of higher education and by the dedicated staff within the Office of Financial Management.

This Comprehensive Annual Financial Report reflects the commitment by the present administration to the Legislature, citizens of the state of Washington, and to the financial community to maintain our financial statements in conformance with the highest standards of financial accountability.

Sincerely,



Richard A. Davis
Director



Washington's Early Days

Q: Who was the only man to serve as Governor of both Washington Territory and Washington State?

A: Elisha P. Ferry, the state's first elected Governor in 1889.

Q: When Washington Territory was created in 1853, it included lands from what future states?

A: Washington, northern Idaho and western Montana.

Q: From what country did the founders of the first non-Indian settlement in Washington come?

A: Spain, at Neah Bay in 1790.

Q: What Washington city was originally called Duwamps?

A: Seattle, so named for an Indian chieftain friendly to white settlers.

Q: Where did the Pig War of 1859 take place?

A: On San Juan Island.

Q: What was the first corporation to operate in Washington?

A: The Hudson's Bay Company, a trading outfit which, in the early 1800s, controlled parts of what would become Washington State.

STATE OF WASHINGTON
Elected Executive Officials
June 30, 1987



Booth Gardner
Governor



John A. Cherberg
Lieutenant Governor



Ralph Munro
Secretary of State



Robert S. O'Brien
Treasurer



Robert V. Graham
Auditor



Ken Eikenberry
Attorney General



Dr. Frank B. Brouillet
Superintendent of
Public Instruction

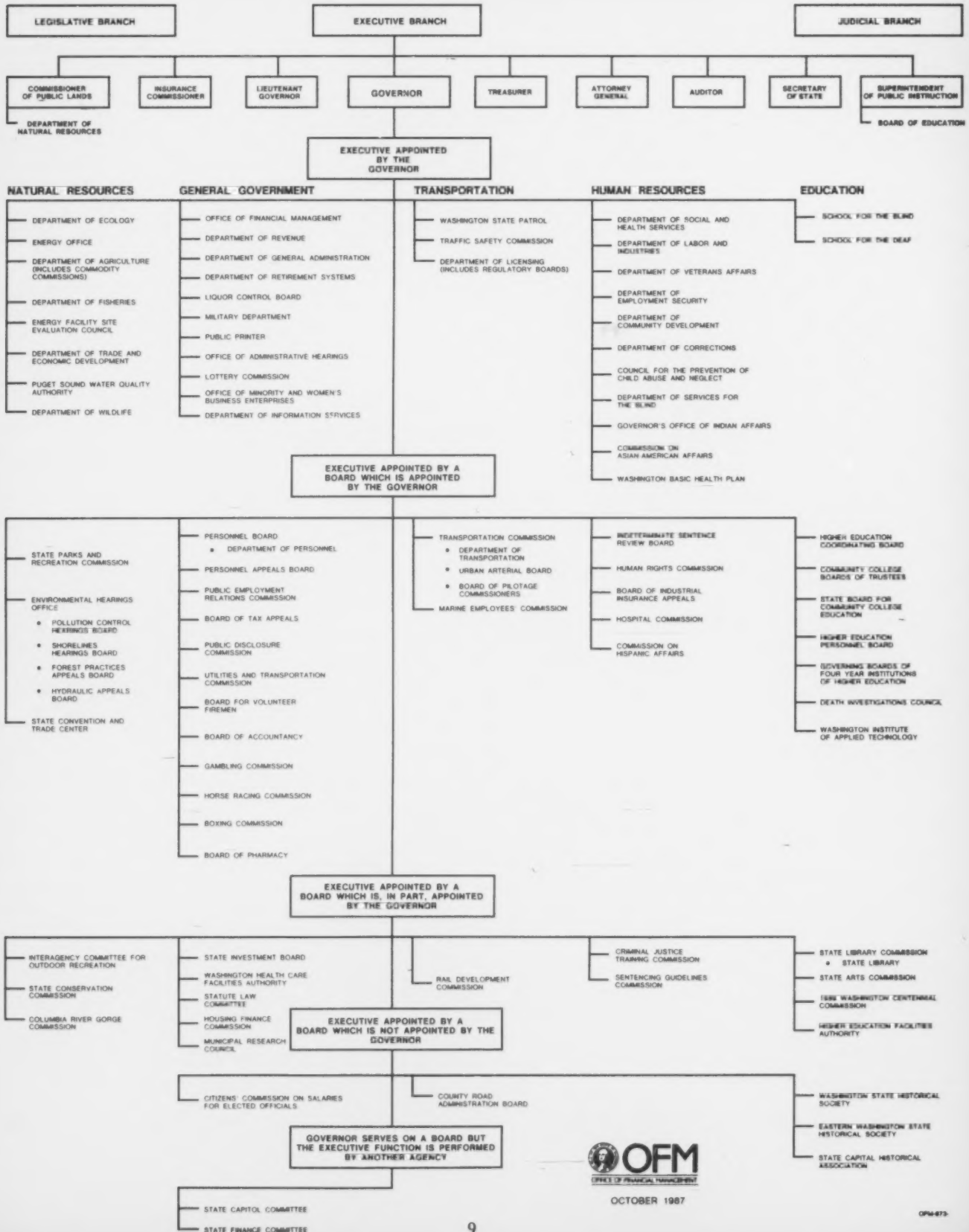


Brian Boyle
Commissioner of
Public Lands



Richard G. "Dick" Marquardt
Insurance Commissioner

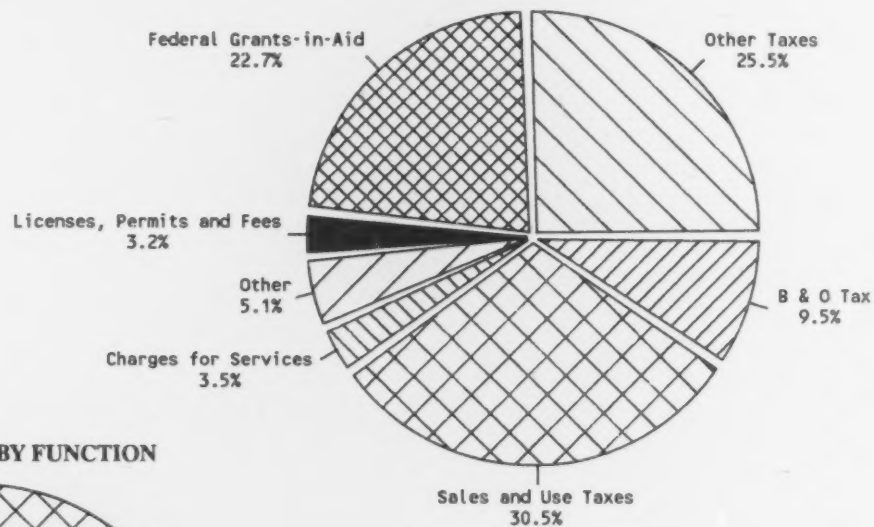
ORGANIZATION OF WASHINGTON STATE GOVERNMENT BASED ON GUBERNATORIAL APPOINTMENT AUTHORITY



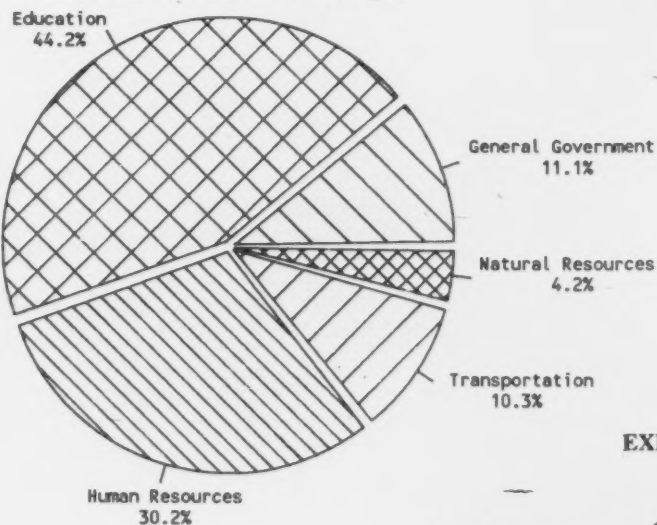
STATE OF WASHINGTON

Graphic Presentation of Revenues and Expenditures All Governmental Type Funds For the Fiscal Year Ended June 30, 1987

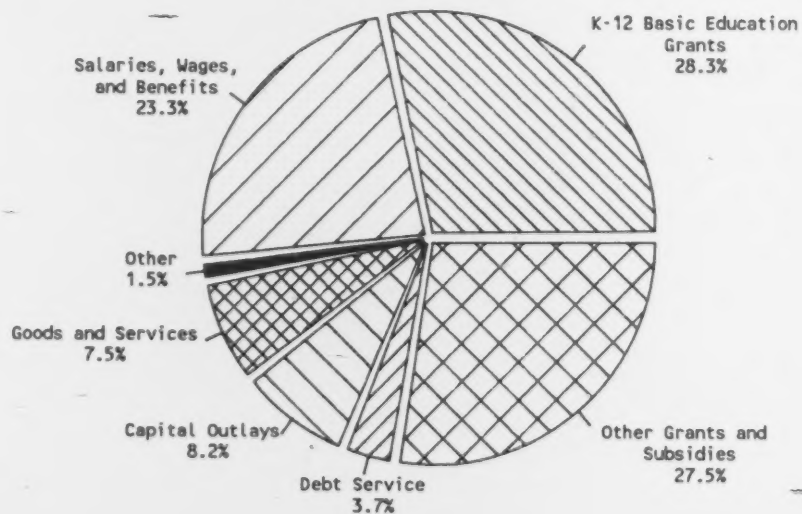
REVENUES BY SOURCE



EXPENDITURES BY FUNCTION



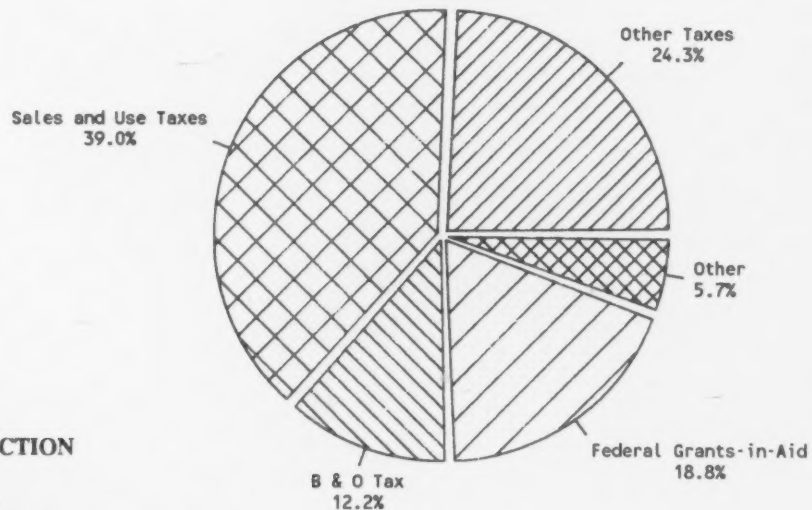
EXPENDITURES BY OBJECT



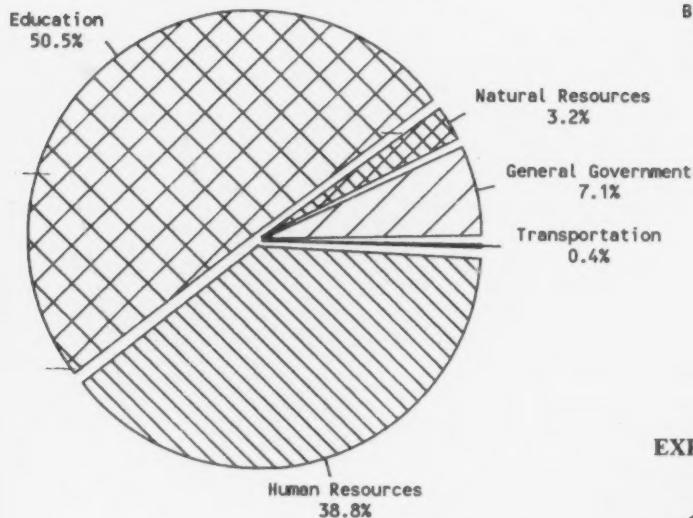
STATE OF WASHINGTON

Graphic Presentation of Revenues and Expenditures General Fund For the Fiscal Year Ended June 30, 1987

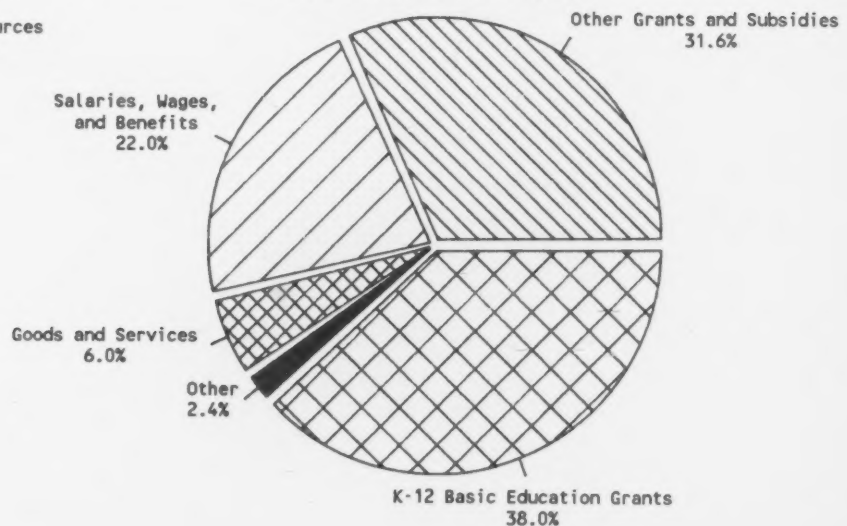
REVENUES BY SOURCE



EXPENDITURES BY FUNCTION



EXPENDITURES BY OBJECT





Corporate Washington

Q: What was the original name of the Boeing Company?

A: Pacific Aero Products, when founded in 1916.

Q: What man who arrived in Washington with less than \$1 in cash later founded what became the state's leading bank?

A: Dexter Horton, founder of Sea-First.

Q: Name the four Washington-based companies listed in the 1985 Fortune 500 largest U. S. industrial corporations.

A: Boeing (29th), Weyerhaeuser (66th), PACCAR (163rd), and Longview Fibre (466th).

Q: What enterprise is the nation's largest consumer-owned cooperative?

A: REI--Recreational Equipment, Inc.

Q: What was the first corporation to operate in Washington?

A: The Hudson's Bay Company, a trading outfit which, in the early 1800s, controlled parts of what would become Washington State.

Q: Who began building his Northwest corporate empire by purchasing 900,000 acres from the Northern Pacific Railroad in 1900?

A: Frederick Weyerhaeuser. He paid \$6 an acre.

Washington

***Financial
Section***

Washington

***General Purpose
Financial Statements***



The State of Washington

OFFICE OF STATE AUDITOR
LEGISLATIVE BUILDING AS-21
OLYMPIA, WASHINGTON 98504-0421
(206) 753-5277

December 18, 1987

AUDITOR'S OPINION

The Honorable Booth Gardner
Governor, State of Washington

Dear Governor Gardner:

We have examined the general purpose financial statements of the State of Washington as of June 30, 1987 and for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and other auditing procedures as we considered necessary in the circumstances.

As discussed in Note 9, summary of significant litigation, the State of Washington is a defendant in certain legal proceedings. The outcome of the lawsuits cannot presently be determined, and no provision for any liability that may result has been made in the financial statements.

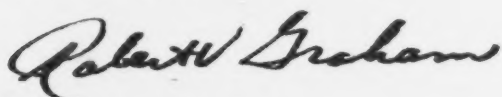
In our opinion, subject to the effects on the financial statements of such adjustments, if any, as might have been required had the outcome of the litigation referred to in the preceding paragraph been known, the general purpose financial statements present fairly the financial position of the State of Washington as of June 30, 1987 and the results of its operations and the changes in its financial position for the year then ended, in conformity with generally accepted accounting principles which have been applied on a basis consistent with that of the preceding year after giving retroactive effect to the change, with which we concur, in the accounting method used to estimate general fund receivables as described in Note 4 to the financial statements.

Our examination was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the combined financial statements of the State of Washington. Such information has been subjected to the

auditing procedures applied in the examination of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

We did not audit the statistical data in this report and, accordingly, do not express an opinion thereon.

Very truly yours,

A handwritten signature in cursive script, reading "Robert V. Graham". The signature is written in dark ink and is positioned above the typed name and title.

ROBERT V. GRAHAM
STATE AUDITOR

RVG:hs

STATE OF WASHINGTON

Combined Balance Sheet - All Fund Types and Account Groups

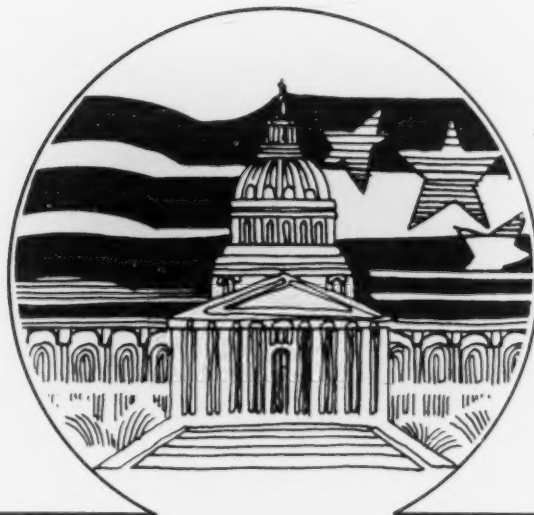
June 30, 1987

(expressed in thousands)

	GOVERNMENTAL FUND TYPES			
	GENERAL FUND	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
ASSETS				
Cash and pooled investments.....	\$ 357,684	\$ 510,585	\$ 57,071	\$ 87,867
Investments.....	1,040	6,930	7,006	2,527
Taxes receivable (net of allowance)....	598,513	10,135		
Other receivables (net of allowance)....	44,934	69,599	531	1,863
Due from other funds.....	125,450	118,338	6,057	7,602
Due from other governments.....	153,098	84,026		800
Inventories.....	10,567	17,569		
Prepaid expenses.....				
Other nonfixed assets.....				
Land.....				
Buildings.....				
Other improvements and miscellaneous....				
Machinery and equipment.....				
Accumulated depreciation.....				
Construction in progress.....				
Amount available in debt service funds..				
Amount to be provided for retirement of general long-term obligations.....				
Total Assets.....	\$ 1,291,286	\$ 817,182	\$ 70,665	\$ 100,659
LIABILITIES AND FUND EQUITY				
LIABILITIES:				
Accounts payable.....	\$ 214,201	\$ 64,552	\$.....	\$ 11,382
Contracts and retainages payable.....	10,918	44,965	1,532	5,306
Accrued liabilities.....	63,910	43,077	620	67
Matured bonds payable.....				
Due to other funds.....	145,272	44,459	249	25,644
Due to other governments.....	5,647	24,314		88
Deferred revenues.....	546,622	120,251		643
Current workers' comp benefits payable..				
Long-term workers' comp benefits payable				
Bonds payable.....				
Other long-term obligations.....				
Total Liabilities.....	986,570	341,618	2,401	43,130
FUND EQUITY:				
Unrealized gain on investments.....				
Contributed capital.....				
Investment in general fixed assets.....				
Retained earnings:				
Reserved.....				
Unreserved.....				
Fund balances:				
Reserved for:				
Encumbrances		16,194		14,104
Inventories.....	10,567	17,569		
Restricted accounts	26,025			
Nonexpendable trust corpus.....				
Unemployment compensation.....				
Retirement systems.....				
Other specific purposes.....	95,192	8,020		2,526
Unreserved:				
Designated for debt service.....			68,264	
Designated for other specific purposes.....		54,754		40,899
Undesignated.....	172,932	379,027		
Total Fund Equity.....	304,716	475,564	68,264	57,529
Total Liabilities and Fund Equity.....	\$ 1,291,286	\$ 817,182	\$ 70,665	\$ 100,659

The notes to the financial statements are an integral part of this statement.

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	
ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	JUNE 30, 1987	JUNE 30, 1986
\$ 123,701	\$ 44,955	\$ 734,203	\$	\$	\$ 1,916,066	\$ 1,495,856
2,864,970	2,750	10,617,863	.....	.....	13,503,086	11,523,339
2,113	.....	.....	.....	.....	610,761	591,570
277,647	17,288	217,837	.....	.....	629,699	963,180
29,799	7,586	64,994	.....	.....	359,826	282,729
1,826	2,932	103,375	.....	.....	346,057	211,523
60,427	16,851	112	.....	.....	105,526	107,945
1,611	157	.....	.....	.....	1,768	1,848
7,427	14	5,615	.....	.....	13,056	42,422
13,854	1,283	.....	279,518	.....	294,655	326,606
439,428	1,865	.....	1,696,015	.....	2,137,308	1,885,156
150,144	2,986	.....	348,457	.....	501,587	431,882
317,280	241,361	.....	612,647	.....	1,171,288	1,026,232
(238,589)	(124,534)	.....	(953,748)	.....	(1,316,871)	(1,192,293)
144,721	.....	.....	91,895	.....	236,616	265,994
.....	.....	.....	.....	68,264	68,264	64,512
.....	.....	.....	.....	5,302,977	5,302,977	3,661,663
\$ 4,196,359	\$ 215,494	\$ 11,743,999	\$ 2,074,784	\$ 5,371,241	\$ 25,881,669	\$ 21,690,164
\$ 34,571	\$ 14,474	\$ 8,775	\$	\$	\$ 347,955	\$ 333,174
34,738	9,323	12,789	.....	.....	119,571	119,058
46,102	10,207	51,703	.....	.....	215,686	232,135
7,630	.....	.....	.....	.....	7,630	6,484
59,055	1,012	84,135	.....	.....	359,826	282,729
.....	19	67,820	.....	.....	97,888	142,162
17,069	3,043	9,190	.....	.....	696,818	730,613
399,457	.....	98,148	.....	.....	497,605	511,327
2,358,471	.....	.....	.....	2,346,095	4,704,566	3,039,894
291,421	.....	.....	.....	2,908,702	3,200,123	2,904,813
64,410	14,875	104,477	.....	116,444	300,206	412,782
3,312,924	52,953	437,037	.....	5,371,241	10,547,874	8,715,171
59,800	.....	2,095,419	.....	.....	2,155,219	1,517,827
385,289	21,611	.....	.....	.....	406,900	348,562
.....	.....	.....	2,074,784	.....	2,074,784	1,949,187
8,698	.....	.....	.....	.....	8,698	8,713
429,648	140,930	.....	.....	.....	570,578	349,745
.....	.....	.....	.....	.....	30,298	246,397
.....	.....	112	.....	.....	28,248	29,893
.....	.....	.....	.....	.....	26,025	55,629
.....	.....	467,076	.....	.....	467,076	412,193
.....	.....	493,616	.....	.....	493,616	234,207
.....	.....	8,128,800	.....	.....	8,128,800	7,199,124
.....	.....	77,270	.....	.....	183,008	130,976
.....	.....	.....	.....	.....	68,264	64,512
.....	.....	3,118	.....	.....	98,771	48,252
.....	.....	41,551	.....	.....	593,510	379,776
883,435	162,541	11,306,962	2,074,784	.....	15,333,795	12,974,993
\$ 4,196,359	\$ 215,494	\$ 11,743,999	\$ 2,074,784	\$ 5,371,241	\$ 25,881,669	\$ 21,690,164



Washington's Politics and Government

Q: How many justices are there on the State Supreme Court?

A: Nine.

Q: What two controversial provisions were voted out of Washington's first constitution in 1889?

A: Women's suffrage and Prohibition.

Q: What unorthodox political group ran jazz bassist Red Kelly for Governor in 1976 under the slogan "Out with Logic, On with Lunacy"?

A: The Owl Party.

Q: In 1896, Washington voters elected two Congressmen who were neither Democrats nor Republicans. To what party did they belong?

A: The Populist Party--James Hamilton Lewis of Seattle and William C. Jones of Spokane.

Q: Who are the two Washington women to have been elected to the U. S. House of Representatives?

A: Catherine May (Yakima, 1959-71) and Julia Butler Hansen (Cathlamet, 1960-75).

STATE OF WASHINGTON

Combined Statement of Revenues, Expenditures, and Changes in Fund Balance All Governmental Fund Types and Expendable Trust Funds For the Fiscal Year Ended June 30, 1987 (expressed in thousands)

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUST	YEAR ENDED JUNE 30, 1987	YEAR ENDED JUNE 30, 1986
REVENUES:							
Taxes.....	\$4,770,216	\$ 521,183	\$.....	\$.....	\$.....	\$ 5,291,399	\$ 4,904,200
Licenses, permits, and fees.....	49,526	209,967				259,493	228,586
Federal grants-in-aid.....	1,188,858	641,590	164	578	74,463	1,905,653	1,760,449
Charges for services.....	155,092	112,263		15,180	7,034	289,569	265,947
Unemployment comp. contributions.....					613,665	613,665	506,570
Workers' compensation contributions..					150,015	150,015	95,821
Miscellaneous revenue.....	156,014	234,314	19,689	6,670	58,722	475,409	510,893
Total Revenues.....	6,319,706	1,719,317	19,853	22,428	903,899	8,985,203	8,272,466
EXPENDITURES:							
Current:							
General government.....	432,282	178,812		7	41,920	653,021	631,083
Human resources.....	2,382,306	91,905		4,683	577,115	3,056,009	2,657,982
Natural resources and recreation.....	182,513	140,916		5,411	192	329,032	306,868
Transportation.....	27,209	450,152		121		477,482	455,810
Education.....	3,088,333	381,969		13,502	65,779	3,549,583	3,331,860
Capital outlays.....	73,775	494,969		119,499	600	688,843	612,428
Debt service:							
Principal.....	5,348	2,622	103,531	8	8	111,517	86,843
Interest.....	1,184	745	197,452	456	6	199,843	209,590
Total Expenditures.....	6,192,950	1,742,090	300,983	143,687	685,620	9,065,330	8,292,464
Excess of Revenues Over (Under) Expenditures.....	126,756	(22,773)	(281,130)	(121,259)	218,279	(80,127)	(19,998)
OTHER FINANCING SOURCES (USES):							
Bond sale proceeds.....		164,400		116,860		281,260	306,337
Proceeds of refunding bonds.....				170,631		170,631	811,141
Payment to refunded bond escrow agent				(170,340)		(170,340)	(812,721)
Operating transfers in.....	175,714	109,033	298,523	59,067	24,827	667,164	657,700
Operating transfers out.....	(244,763)	(200,280)	(13,900)	(47,265)	(24,939)	(531,147)	(560,391)
Capital lease acquisitions.....	5,336	904		90		6,330	1,599
Total Other Financing Sources (Uses)	(63,713)	74,057	284,914	128,752	(112)	423,898	403,665
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES.....							
	63,043	51,284	3,784	7,493	218,167	343,771	383,667
FUND BALANCES:							
As previously reported.....	255,893	417,231	64,512	54,388	397,618	1,189,642	613,457
Restatement.....	(14,176)	8,672		(4,352)		(9,856)	189,537
As restated.....	241,717	425,903	64,512	50,036	397,618	1,179,786	802,994
Equity transfers (net).....	32	65	(32)		(15)	50	271
Changes in inventory reserves.....	(76)	(1,688)			9	(1,755)	2,710
Ending Fund Balance.....	\$ 304,716	\$ 475,564	\$ 68,264	\$ 57,529	\$ 615,779	\$ 1,521,852	\$ 1,139,642

The notes to the financial statements are an integral part of this statement.

STATE OF WASHINGTON

Combined Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) Budget (Non-GAAP Budgetary Basis) and Actual All Governmental Fund Types For the Biennium Ended June 30, 1987 (expressed in thousands)

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	APPROVED BUDGET 1985-87 BIENNIUM	ACTUAL FOR 1985-87 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)	APPROVED BUDGET 1985-87 BIENNIUM	ACTUAL FOR 1985-87 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:						
Taxes.....	\$ 9,299,384	\$ 9,265,887	\$ (33,497)	\$ 974,083	\$ 961,968	\$ (12,115)
Licenses, permits, and fees.....	106,742	89,930	(16,812)	405,652	403,342	(2,310)
Federal grants-in-aid.....	2,392,893	2,198,755	(194,138)	1,321,470	1,289,847	(31,623)
Charges for services.....	312,088	308,774	(3,314)	370,789	199,635	(171,154)
Miscellaneous revenue.....	284,254	278,934	(5,320)	452,255	512,812	60,557
Total Revenues.....	12,395,361	12,142,280	(253,081)	3,524,249	3,367,604	(156,645)
EXPENDITURES:						
Current:						
General government.....	896,722	878,719	18,003	356,459	351,342	5,117
Human resources.....	4,620,504	4,473,006	147,498	229,845	182,274	47,571
Natural resources and recreation.....	391,431	363,858	27,573	560,357	272,944	287,413
Transportation.....	53,614	51,459	2,155	639,859	590,705	49,154
Education.....	6,121,397	6,066,631	54,766	930,075	781,451	148,624
Capital outlays.....	25,739	12,596	13,143	1,355,199	1,225,256	129,943
Debt service.....						
Total Expenditures.....	12,109,407	11,846,269	263,138	4,071,794	3,403,972	667,822
Excess of Revenues Over (Under) Expenditures.....	285,954	296,011	10,057	(547,545)	(36,368)	511,177
OTHER FINANCING SOURCES (USES):						
Bond sale proceeds.....				739,655	371,261	(368,394)
Proceeds of refunding bonds.....						
Payment to refunded bond escrow agent..						
Net operating transfers in (out).....	(254,213)	(140,150)	114,063	(44,443)	(175,335)	(130,892)
Total Other Financing Sources (Uses).....	(254,213)	(140,150)	114,063	695,212	195,926	(499,286)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES.....						
	\$ 31,741	\$ 155,861	\$ 124,120	\$ 147,667	\$ 159,558	\$ 11,891

The notes to the financial statements are an integral part of this statement.

DEBT SERVICE FUNDS			CAPITAL PROJECTS FUNDS			TOTALS (MEMORANDUM ONLY)		
APPROVED BUDGET 1985-87 BIENNIUM	ACTUAL FOR 1985-87 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)	APPROVED BUDGET 1985-87 BIENNIUM	ACTUAL FOR 1985-87 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)	APPROVED BUDGET 1985-87 BIENNIUM	ACTUAL FOR 1985-87 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)
\$.....	\$.....	\$.....	\$.....	\$.....	\$.....	\$10,273,467	\$10,227,855	\$ (45,612)
.....	.....	.....	.....	.....	.....	512,394	493,272	(19,122)
.....	328	328	498	697	199	3,714,861	3,489,627	(225,234)
23,311	52,415	29,104	29,874	30,057	183	712,751	538,466	(174,285)
23,311	52,743	29,432	23,737	28,566	4,829	783,557	872,727	89,170
			54,109	59,320	5,211	15,997,030	15,621,947	(375,083)
.....	.....	.....	.....	.....	.....	1,253,181	1,230,061	23,120
.....	.....	.....	.....	.....	.....	4,850,349	4,655,280	195,069
.....	.....	.....	.....	2,472	(2,472)	951,788	639,274	312,514
.....	.....	.....	2,120	873	1,247	695,593	643,037	52,556
.....	.....	.....	.....	1,135	(1,135)	7,051,472	6,849,217	202,255
.....	.....	.....	454,109	235,232	218,877	1,835,047	1,473,084	361,963
593,224	587,452	5,772	.....	.....	.....	593,224	587,452	5,772
593,224	587,452	5,772	456,229	239,712	216,517	17,230,654	16,077,405	1,153,249
(569,913)	(534,709)	35,204	(402,120)	(180,392)	221,728	(1,233,624)	(455,458)	778,166
.....	.....	.....	340,306	216,336	(123,970)	1,079,961	587,597	(492,364)
981,772	981,772	0	.....	.....	.....	981,772	981,772	0
(983,062)	(983,062)	0	.....	.....	.....	(983,062)	(983,062)	0
571,203	548,920	(22,283)	64,044	5,230	(58,814)	336,591	238,665	(97,926)
569,913	547,630	(22,283)	404,350	221,566	(182,784)	1,415,262	824,972	(590,290)
\$ 0	\$ 12,921	\$ 12,921	\$ 2,230	\$ 41,174	\$ 38,944	\$ 181,638	\$ 369,514	\$ 187,876

STATE OF WASHINGTON

Combined Statement of Revenues, Expenses, and Changes in Fund Equity All Proprietary Fund Types and Similar Trust Fund For the Fiscal Year Ended June 30, 1987 (expressed in thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES		TOTALS (MEMORANDUM ONLY)	
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	PENSION TRUST	YEAR ENDED JUNE 30, 1987	YEAR ENDED JUNE 30, 1986
OPERATING REVENUES:						
Sales.....	\$ 272,548	\$ 107,107	\$	\$	\$ 379,655	\$ 363,270
Less: Cost of goods sold.....	191,970	80,788	.....	.....	272,758	275,150
Gross profit.....	80,578	26,319	.....	.....	106,897	88,120
Charges for services.....	275,251	208,144	29	.....	483,424	444,277
Earnings on investments.....	.....	.....	48,530	643,796	692,326	944,044
Pension contributions.....	.....	.....	.....	835,252	835,252	787,795
Workers' compensation contributions...	507,320	.....	.....	.....	507,320	588,927
Lottery ticket proceeds.....	193,937	.....	.....	.....	193,937	181,184
Miscellaneous revenue.....	124,664	6,400	32,280	2,488	165,832	134,212
Total Operating Revenues.....	1,181,750	240,863	80,839	1,481,536	2,984,988	3,168,559
OPERATING EXPENSES:						
Salaries and wages.....	213,855	77,162	.....	57	291,074	265,754
Personal services.....	15,390	1,900	.....	18	17,308	16,768
Goods and services.....	174,294	88,920	.....	4,076	267,290	249,101
Travel.....	7,387	1,752	.....	2	9,141	8,385
Employee benefits.....	48,238	17,313	.....	19	65,570	62,556
Workers' compensation benefits.....	529,637	.....	.....	.....	529,637	618,515
Lottery prize payments.....	88,016	.....	.....	.....	88,016	82,724
Depreciation and amortization.....	27,294	31,142	.....	.....	58,436	51,920
Pension benefit payments.....	.....	.....	.....	547,259	547,259	508,081
Miscellaneous expenses.....	30,827	1,760	.....	.....	32,587	21,094
Total Operating Expenses.....	1,134,938	219,949	.....	551,431	1,906,318	1,884,898
Operating Income	46,812	20,914	80,839	930,105	1,078,670	1,283,661
NONOPERATING REVENUES (EXPENSES):						
Other revenue (expenses).....	(252)	(2,347)	118	136	(2,345)	2,108
Interest income.....	304,010	3,613	.....	.....	307,623	310,932
Interest expense.....	(12,213)	(2,676)	.....	.....	(14,889)	(27,523)
Liquor profits distributed to local governments.....	(22,400)	.....	.....	.....	(22,400)	(19,750)
Total Nonoperating Revenues (Expenses).....	269,145	(1,410)	118	136	267,989	265,767
Income Before Operating Transfers...	315,957	19,504	80,957	930,241	1,346,659	1,549,428
OPERATING TRANSFERS:						
Operating transfers in.....	496,639	252	.....	.....	496,891	251,063
Operating transfers out.....	(600,903)	(5,254)	(26,186)	(565)	(632,908)	(348,372)
Net operating transfers in (out).....	(104,264)	(5,002)	(26,186)	(565)	(136,017)	(97,309)
Net Income Before Extraordinary Item.....	211,693	14,502	54,771	929,676	1,210,642	1,452,119
EXTRAORDINARY ITEM:						
Bond refunding loss.....	.....	.....	.....	.....	.....	(7,734)
NET INCOME	211,693	14,502	54,771	929,676	1,210,642	1,444,385
FUND EQUITY:						
As previously reported.....	741,855	148,342	412,193	8,533,774	9,836,164	6,787,803
Restatement.....	(4,581)	(743)	.....	.....	(5,324)	715,151
As restated.....	737,274	147,599	412,193	8,533,774	9,830,840	7,502,954
Equity transfers (net).....	(50)	.....	.....	.....	(50)	(271)
Unrealized gain (loss) on investments...	(123,377)	.....	.....	760,769	637,392	878,970
Contributions of capital.....	57,895	440	.....	.....	58,335	10,126
Ending Fund Equity.....	\$ 883,435	\$ 162,541	\$ 466,964	\$ 10,224,219	\$ 11,737,159	\$ 9,836,164

The notes to the financial statements are an integral part of this statement.

STATE OF WASHINGTON

Combined Statement of Changes in Financial Position All Proprietary Fund Types and Similar Trust Funds For the Fiscal Year Ended June 30, 1987 (expressed in thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES		TOTALS (MEMORANDUM ONLY)	
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	PENSION TRUST	YEAR ENDED JUNE 30, 1987	YEAR ENDED JUNE 30, 1986
SOURCES OF WORKING CAPITAL:						
OPERATIONS:						
Net income (loss)						
before extraordinary item.....	\$ 211,693	\$ 14,502	\$ 54,771	\$ 929,676	\$ 1,210,642	\$ 1,452,119
Items not requiring working capital in the current period:						
Depreciation and amortization.....	27,294	31,142	.....	.....	58,436	51,920
Working Capital Provided by Operations Before Extraordinary Item and Changes..	238,987	45,644	54,771	929,676	1,269,078	1,504,039
Extraordinary loss.....	.....	.....	.....	.....	.....	(7,734)
Change in accounting principle.....	.....	.....	.....	.....	.....	638,857
Fund reclassifications.....	(7,960)	.....	.....	.....	(7,960)	66,921
Prior period adjustments.....	3,379	(743)	.....	.....	2,636	9,373
Working Capital Provided by Operations, Extraordinary Item, and Changes.....	234,406	44,901	54,771	929,676	1,263,754	2,211,456
OTHER SOURCES:						
Decrease in investments, noncurrent...	8,058	.....	.....	799	8,857	4,274
Decrease in fixed assets.....	63,153	5,819	.....	.....	68,972	10,927
Decrease in other nonfixed assets.....	1,149	574	4,467	.....	6,190	.....
Increase in long-term obligations.....	48,391	10,995	28	.....	59,414	144,226
Increase in long-term workers' comp....	318,655	.....	.....	.....	318,655	191,394
Unrealized gain on investments.....	.....	.....	.....	762,614	762,614	878,970
Transfers of fund equity.....	.....	.....	.....	.....	.....	646
Contributions of capital.....	57,895	440	.....	.....	58,335	10,126
Total Sources of Working Capital....	731,707	62,729	59,266	1,693,089	2,546,791	3,452,019
USES OF WORKING CAPITAL:						
Increase in investments, noncurrent...	217,644	1,100	46,460	1,680,837	1,946,041	3,085,144
Increase in fixed assets.....	234,514	47,536	.....	.....	282,050	260,997
Increase in other nonfixed assets.....	625	14	.....	.....	639	9,932
Decrease in long-term obligations.....	165,217	14,557	496	.....	180,270	47,436
Decrease in long-term workers' comp....	.....	.....	.....	.....	.....	385
Unrealized loss on investments.....	123,377	.....	.....	1,845	125,222	.....
Transfers of fund equity.....	50	.....	.....	.....	50	917
Total Uses of Working Capital.....	741,427	63,207	46,956	1,682,682	2,534,272	3,404,811
Net Increase (Decrease) in Working Capital.....	\$ (9,720)	\$ (478)	\$ 12,310	\$ 10,407	\$ 12,519	\$ 47,208
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL:						
Cash and pooled investments.....	\$ (40,567)	\$ 2,466	\$ 7,812	\$ 482	\$ (29,807)	\$ 8,637
Receivables (net of allowance).....	(17,874)	(621)	1,063	(75,039)	(92,471)	121,127
Due from other funds.....	(5,990)	(630)	4	(313)	(6,929)	8,688
Due from other governments.....	(828)	850	.....	83,312	83,334	510
Inventories.....	2,445	(3,219)	.....	.....	(774)	11,642
Prepaid expenses.....	(102)	22	.....	.....	(80)	354
Accounts payable.....	(78)	743	.....	137	802	4,731
Contracts and retainages payable.....	(5,920)	(838)	2,074	.....	(4,684)	(32,888)
Accrued liabilities.....	34,368	(448)	(2,299)	(65)	31,556	(17,841)
Matured bonds payable.....	(1,146)	.....	.....	.....	(1,146)	(1,322)
Due to other funds.....	6,286	22	(915)	1,485	6,878	(23,679)
Due to other governments.....	.....	5	.....	.....	5	342
Deferred revenue.....	(2,106)	1,170	4,571	408	4,043	(8,306)
Current workers' compensation benefits payable.....	21,792	.....	.....	.....	21,792	(24,787)
Net Increase (Decrease) in Working Capital.....	\$ (9,720)	\$ (478)	\$ 12,310	\$ 10,407	\$ 12,519	\$ 47,208

The notes to the financial statements are an integral part of this statement.



Official Washington State Symbols

Q: What would you be reeling in if you caught the official state fish?

A: Steelhead trout.

Q: What evergreen is the official state tree of Washington?

A: The Western hemlock.

Q: Who wrote the state song, "Washington, My Home"?

A: Helen Davis of South Bend.

Q: What small black-and-yellow creature with wings is the Washington State bird?

A: The willow goldfinch.

Q: What is the official Washington State flower?

A: The western rhododendron.

Q: What staple of country hoedowns is the official state dance?

A: The square dance.

STATE OF WASHINGTON

NOTES TO THE FINANCIAL STATEMENTS For The Fiscal Year Ended June 30, 1987

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements of the state of Washington have been prepared in conformity with generally accepted accounting principles (GAAP). The primary authority for the State's accounting and reporting requirements is the Office of Financial Management (OFM). OFM has adopted the pronouncements of the Governmental Accounting Standards Board (GASB). OFM has also adopted the pronouncements of the Financial Accounting Standards Board and the American Institute of Certified Public Accountants, when applicable.

The "Totals (Memorandum Only)" columns in the accompanying financial statements represent a summation of the combined financial statement line items of the fund types and account groups. Amounts displayed in these columns are not comparable to a consolidation. These amounts do not represent the total resources available or the total revenues, expenditures, and expenses of the State because of the following factors: fund types and account groups use different bases of accounting; interfund transactions have not been eliminated; the "amount to be provided for retirement of general long-term obligations" is not an asset in the usual sense; and restricted and unrestricted amounts have been combined.

B. The Financial Reporting Entity

The accompanying financial statements include the financial transactions of all organizational units for which the State exercises oversight responsibility as defined in the Codification of Governmental Accounting and Financial Reporting Standards, section 2100. Oversight responsibility is defined using the following criteria: financial interdependency; selection of governing authority; designation of management; ability to significantly influence operations; and accountability for fiscal matters. Based upon the application of these criteria, the State's reporting entity includes, in addition to State departments, agencies, commissions, boards, committees, and councils, the following organizations:

Colleges and Universities:

University of Washington
Washington State University
Western Washington University
Eastern Washington University
Central Washington University
The Evergreen State College
All State Community Colleges

Retirement Systems:

Public Employees' Retirement System
Teachers' Retirement System
Law Enforcement Officers' and
Fire Fighters' Retirement System
State Patrol Retirement System
Judicial Retirement System
Volunteer Firemen Retirement System

Other:

Eastern Washington State Historical
Society
Puget Sound Water Quality Authority
State Capitol Historical Association
State Convention and Trade Center
Washington State Historical Society
Vocational Technology Center Corporation

Based upon the oversight responsibility criteria, certain entities and financial transactions are excluded from the accompanying financial statements as follows:

Agricultural Commodity Commissions are independent from the State's management and finances. Reports regarding financial transactions of the Agricultural Commodity Commissions may be obtained from each Commission.

Certain State Authorities market bonds or other debt which are neither secured nor repaid by the State. This debt is not a State obligation. These organizations are: the Washington Health Care Facilities Authority; the Washington Higher Education Facilities Authority; and the Washington State Housing Finance Commission. Information regarding this debt may be obtained from each Authority.

The Washington Public Power Supply System is not part of the State entity and its debt is not a State obligation.

STATE OF WASHINGTON

C. Fund Accounting Structure

The State's fund structure uses approximately 422 accounts. For the purpose of developing financial statements, these accounts have been administratively combined into 46 funds, each of which is considered a separate accounting entity. The accompanying financial statements are structured into three categories of fund types and two account groups, as described below:

Governmental Fund Types

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds account for financial resources to be utilized for the acquisition, construction, or improvement of major capital facilities (other than those financed by proprietary funds and similar trust funds).

Proprietary Fund Types

Enterprise Funds account for operations: (1) that are financed and operated in a manner similar to private enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Funds account for the financing of goods and services provided by one department or agency to other departments or agencies of the State on a cost-reimbursement basis.

Fiduciary Fund Types

Expendable Trust Funds account for assets held by the State in a trustee capacity where the principal and income may be expended in the course of the fund's designated operations.

Nonexpendable Trust Funds account for assets held by the State in a trustee capacity where only income derived from the principal may be expended in the course of the fund's designated operations. The principal must be preserved intact.

Pension Trust Funds account for transactions, assets, liabilities, and net assets available for plan benefits of the various State public employee retirement systems.

Agency Funds account for the receipt and disbursement of various taxes, deposits, deductions, and property collected by the State, acting in the capacity of an agent, for distribution to other governmental units, other organizations, or individuals.

General Fixed Assets Account Group

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in the individual funds. Public domain (infrastructure) assets consisting of certain improvements other than buildings (including roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, lighting systems, and similar assets), are not reported in the account group.

General Long-term Obligations Account Group

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Obligations Account Group, rather than in the individual funds.

College and University Reporting

Financial operations of the State's colleges and universities are reported using the fund structure prescribed by GASB; not according to the fund structure of the National Association of College and University Business Officers.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

All governmental fund types, expendable trust funds and agency funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available to finance operations during the current year or to liquidate liabilities existing at the end of the year. Major revenues that are determined to be susceptible to accrual include taxes, federal grants-in-aid, and charges for services.

Revenues from property taxes are determined to be available if collectible within 60 days. All other accrued revenue sources are determined to be available if collectible within 12 months. Sales taxes, business and occupation taxes, excise taxes, motor fuel taxes, unemployment compensation contributions, and other self-assessed revenues are considered measurable when the return is received. Revenues from licenses, permits, and fees are recognized when received in cash.

Property taxes are levied in December for the upcoming calendar year. The first half year collections are due April 30 and the second half year collections are due October 31. Since the State is on a fiscal year ending June 30, the first half year collections are recognized as revenue, if collectible within 60 days of fiscal year end. The second half-year collections are recognized as receivables offset by deferred revenue. The lien date on property taxes is January 1 of the tax levy year.

Under modified accrual accounting, expenditures are recognized when the related fund liability is incurred. Exceptions to the general modified accrual expenditure recognition criteria include principal and interest on general long-term indebtedness which are recognized when due and compensated absences which are recognized when paid.

All proprietary fund types, nonexpendable trust, and pension trust funds are accounted for using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when they are earned and expenses are recognized when the related liability is incurred.

E. Budgets and Budgetary Accounting

The state of Washington employs a biennial budget which utilizes the following procedures to establish the budgetary data presented in the accompanying financial statements:

General Budgetary Policies and Procedures

The Governor is required to submit a budget to the State Legislature no later than December 20 of the year preceeding the odd-year session of the Legislature. The budget is a proposal for expenditures in the ensuing biennial period based upon anticipated revenues from the sources and rates existing by law at the time of submission of the budget. The Governor may additionally submit, as an appendix to the budget, a proposal for expenditures in the ensuing biennium from revenue sources derived from proposed changes in existing statutes.

The appropriated budget is legally required to be adopted through the passage of appropriation bills by the Legislature and approval by the Governor. Operating appropriations are made at the fund/account and agency level. Capital appropriations are generally made at the fund/account, agency, and project level. The legal level of budgetary control is at the fund/account, agency, and appropriation level, with administrative controls established at lower levels of detail in certain instances. The accompanying "Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) Budget (Non-GAAP Budgetary Basis) and Actual" (Budgetary Budget versus Actual Schedule) is not presented at the legal level of budgetary control due to the large size of such a report. In this State's environment, there are 227 governmental type fund/accounts, approximately 150 agencies, and multiple appropriations within agencies. Section 2400.112 of the GASB Codification of Governmental Accounting and Financial Reporting Standards provides for the preparation of a separate report where necessary in extreme cases. For the state of Washington, two separate reports have been prepared for the 1985-87 Biennium to illustrate legal budgetary compliance. Appropriated/budgeted versus actual expenditures at the fund/account, agency, and appropriation level is presented in Report SW02A1, "Agency Level Estimate versus Actual for Operating Expenditures", and Report SW02A4, "Agency Level versus Actual for Capital Expenditures." A copy of these reports may be obtained from the Office of Financial Management, Insurance Building, Mail Stop: AQ-44, Olympia, Washington 98504.

Appropriated funds are controlled by the executive branch through the allotment process. This process allocates the appropriation into monthly allotments by program, source of funds, and object of expenditure. Allotment requests are submitted by agencies to the OFM. After the allotments are approved, agencies have the legal authority to spend. The Governor, through OFM, is authorized to legally restrict expenditures by placing appropriations in unallotted status, but any additions to a legislative appropriation must be adopted through passage of, or amendments to, appropriation bills. Revenues for the biennium are estimated on a monthly basis by source of revenue.

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Nonappropriated governmental funds are also subject to allotment control by the executive branch. Nonappropriated governmental funds consist mainly of local college and university funds.

Appropriations lapse at the end of the biennium. Encumbrances also lapse at the end of the biennium except for certain instances where capital encumbrances are reappropriated in the ensuing biennium. Encumbrances are treated as reservations of fund balance both for GAAP and budgetary presentation.

Budgeted amounts reported on the accompanying Budgetary Budget versus Actual Schedule include all approved allotments for the 1985-87 Biennium for governmental funds. The following is a reconciliation from the legislative appropriations to the approved allotments for governmental funds by fund type (expressed in thousands):

1985-87 Biennium:	Governmental Fund Types				
	General	Special Revenue	Debt Service	Capital Projects	Total
Legislative Appropriations.....	\$12,286,042	\$ 4,173,737	\$ 676,601	\$ 526,282	\$17,662,662
Unallotted Appropriations.....	(176,635)	(1,106,100)	(83,377)	(192,147)	(1,558,259)
Allotted Appropriations.....	12,109,407	3,067,637	593,224	334,135	16,104,403
Allotments, Nonappropriated Funds.		1,004,157		122,094	1,126,251
Approved Allotted Budget	<u>\$12,109,407</u>	<u>\$ 4,071,794</u>	<u>\$ 593,224</u>	<u>\$ 456,229</u>	<u>\$17,230,654</u>

Budgetary Basis versus GAAP

Principles currently used by the State for compiling budgetary data differ significantly from those used to present financial statements in conformity with GAAP. The budgetary basis is essentially a modified cash basis and GAAP for governmental funds requires the use of a modified accrual basis.

Reconciliation of Budgetary Basis versus GAAP

The following is a reconciliation between amounts shown on the accompanying "Combined Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) Budget (Non-GAAP Budgetary Basis) and Actual" and the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balance" (GAAP Basis) (expressed in thousands):

	Governmental Fund Types				
	General	Special Revenue	Debt Service	Capital Projects	Total
Excess of Revenues and Other Sources Over Expenditures and Other Uses					
Budgetary Basis:					
1985-87 Biennium.....	\$ 155,861	\$ 159,558	\$ 12,921	\$ 41,174	\$ 369,514
Less: Fiscal Year 1986.....	48,653	49,135	6,843	34,212	138,843
Fiscal Year 1987.....	107,208	110,423	6,078	6,962	230,671
Charge-back Revenue at June 30, 1987.....	(11,213)	.....	.....	.....	(11,213)
Charge-back Revenue at June 30, 1986.....	12,983	.....	.....	.....	12,983
Accrued Revenue Difference at June 30, 1987...	145,306	36,042	.....	164	181,512
Accrued Revenue Difference at June 30, 1986...	(189,766)	(93,787)	(3,875)	(709)	(288,137)
Other Recognition Differences.....	(1,475)	(1,394)	1,581	1,076	(212)
Excess of Revenues and Other Sources Over Expenditures and Other Uses GAAP Basis.....	<u>\$ 63,043</u>	<u>\$ 51,284</u>	<u>\$ 3,784</u>	<u>\$ 7,493</u>	<u>\$ 125,604</u>

The above reconciling items are further explained as follows:

Charge-back Revenue

Charge-back revenue is a timing difference where sales tax and other merchant assessed taxes are reported on the GAAP financial statements when the related tax return is received. However, on the budgetary basis, taxes that relate to sales collected prior to June 30 are recognized in the concluding period, if collected within the first ten days in July. This amounted to \$11.2 million at June 30, 1987, which was recognized in the Budgetary Budget versus Actual Schedule, but not in the GAAP basis statements. The \$12.98 million in charge-back revenue at June 30, 1986, which was recognized in Fiscal Year 1986 on the budgetary basis, is recognized as revenue on the accompanying GAAP financial statements in Fiscal Year 1987.

Accrued Revenue Differences

Accrued revenue timing differences also result from differing recognition criteria between the GAAP and budgetary bases. The accompanying Budgetary Budget versus Actual Schedule includes revenues which were measurable on June 30 and received in July; however, the accompanying GAAP basis financial statements include revenues which were measurable on June 30 and expected to be received within 12 months.

Other Recognition Differences

Other differences between the budgetary basis and the GAAP basis presentations are a result of differing recognition criteria. Principally, these differences result from the delay of recognizing certain expenditures on a budgetary basis which are required to be recognized on a GAAP basis.

GAAP Budget

During the 1984 Session of the Legislature, legislation requiring the State to submit a budget for the 1987-89 Biennium in conformance with GAAP was passed. In January 1987, the Governor submitted to the Legislature a budget which was in conformance with GAAP for governmental funds. This budget was enacted by the Legislature and currently is in effect for the 1987-89 Biennium.

F. Inventories

For governmental fund types and expendable trust funds, consumable inventories are recorded using the purchases method, valued at the lower of cost or market, and recognized principally using the first-in, first-out method.

Proprietary type funds and similar fiduciary funds expense consumable supplies when used. Merchandise inventories are valued at the lower of cost or market and are recognized principally using the first-in, first-out method.

G. Compensated Absences

Annual Leave

Governmental and expendable trust funds recognize annual leave when it is paid. Proprietary fund types and similar fiduciary fund types recognize the expense and accrued liability when the annual leave is earned.

State employees accrue vested annual leave at a variable rate based on years of service. In general, accrued annual leave cannot exceed 30 days at the employee's anniversary date. A long-term liability of \$78.4 million for the accumulated leave in governmental and expendable trust funds has been reported in the General Long-Term Obligations Account Group as of June 30, 1987.

Sick Leave

Employees accrue sick leave at the rate of one day per month without limit. Sick leave is not vested; i.e., the State does not pay employees for unused sick leave upon termination except upon employee death or retirement. Each January, employees who accumulate sick leave in excess of 60 days may, at the employee's option, redeem sick leave earned but not taken during the previous year at a rate of one day's pay in exchange for each four days leave. At death or retirement, the State is liable for up to 25 percent of the employee's accumulated sick leave. Accumulated sick leave balances represent possible future payments dependent upon employee options, not probable payments. As a result, in all funds, sick leave expenditures/expenses are recognized when the related payments are made.

H. Investments

Short-term investments of surplus or pooled cash balances are recorded at cost which approximates fair market value for these investments. The method of accounting for noncurrent investments varies depending upon the fund classification. Deferred Compensation Plan investments are reported at market value. Pension and Workers' Compensation Funds value noncurrent investments using the Market Value Method. Unrealized gains and losses are recorded in the fund equity section of the balance sheet; gains and losses are recognized at time of sale or disposition. All other funds value noncurrent equity investments using the Lower of Cost or Market Method and noncurrent fixed income investments at amortized cost. Closing market prices at June 30, 1987 were used for determination of market value.

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I. Receivables

Receivables in the State's governmental and fiduciary funds primarily consist of tax and federal revenues. Receivables in all other funds have arisen in the ordinary course of business. Receivables are recorded when the asset or revenue recognition criteria (see Note 1-D, page 27) has been met or the underlying accounting event has occurred and the amount is determinable.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balance/Retained Earnings

Governmental Funds

As reflected in the accompanying financial statements, there are no deficit fund balances in governmental funds as of June 30, 1987.

Proprietary and Similar Type Trust Funds

The Transportation Fund, an enterprise fund, had deficit retained earnings of \$(93,575) million at June 30, 1987. The Department of Transportation (DOT) uses the Transportation Fund to account for: (1) revenue and payment of all operating costs of the State ferry system; (2) to allocate financial resources of certain accounts required to be maintained by bond resolution or statute; and, (3) to account for revenues, maintenance, and operations of the Spokane River toll bridge. The ferry system is considered to be part of the State highway system operated by DOT. As such, the ferry system incurs a loss from operations which is offset by subsidies provided by the Legislature for ferry equipment and facilities. These subsidies are recorded as contributed capital. Therefore, the Transportation Fund total fund equity was \$280.1 million at June 30, 1987 as detailed below (expressed in thousands):

Fiscal Year	Contributed Capital	Retained Earnings Deficit	Total Fund Equity
Balance at 6/30/86.....	\$ 316,453	\$ (77,345)	\$ 239,108
Fiscal Year 1987 Activity.....	57,263	(16,230)	41,033
Balance at 6/30/87.....	<u>\$ 373,716</u>	<u>\$ (93,575)</u>	<u>\$ 280,141</u>

B. Overexpenditure of Appropriations

There are no overexpenditures of appropriations on the accompanying "Combined Schedule of Revenues, Expenditures, and Other Financing Sources (Uses), Budget (Non-GAAP Budgetary Basis) and Actual, All Governmental Fund Types, For the Biennium Ended June 30, 1987" (see page 20). Total expenditures were \$1.2 billion underexpended (favorable) for approved budget versus actual for the 1985-87 Biennium ended June 30, 1987.

Biennial appropriations are made by the Legislature at the fund/account, agency and appropriation level (see detailed explanation for Budgets and Budgetary Accounting in Note 1-E on page 27).- No State agency overexpended an appropriation during the 1985-87 Biennium.

NOTE 3 - DETAILED NOTES ON ACCOUNT BALANCES

A. Cash and Investments

At year end, the carrying amount of Washington's cash and investments was \$15.42 billion. Total cash and investments as of June 30, 1987 amounted to \$15.58 billion, including outstanding checks and warrants. Of this amount, cash on hand amounted to \$13 million, cash with fiscal and escrow agents amounted to \$489 million, certificates of deposits amounted to \$79 million, and deposits with financial institutions amounted to \$73 million. The remaining \$14.92 billion represented the total carrying amount of investments.

Deposits

All State deposits are entirely covered by federal depository insurance (FDIC and FSLIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). This is the highest deposit category as defined by GASB Statement 3.

Investments

The State Investment Board (SIB) and the Office of State Treasurer (OST) manage approximately 97 percent of the State's investing activity. Management responsibilities and investment instruments as authorized by statute are as follows:

State Investment Board

Statute designates SIB as having investment management responsibility for pension funds, the workers' compensation fund, permanent funds (established at statehood) and other specific funds. SIB is authorized to invest as provided by statute (RCW 43.33A). Statute and SIB policy authorize investments in the following: Treasury Bills; discount notes; repurchase agreements; reverse repurchase agreements; bankers' acceptances; commercial paper; U.S. Government and Agency (government sponsored corporations eligible for collateral purposes at the Federal Reserve) securities; Canadian Government bonds; corporate bonds; nonrated private placements; common and preferred stock; investment partnerships for venture capital; leveraged buy-outs; mortgages; real estate; financial futures; and other situations.

Office of State Treasurer

OST operates the State's Cash Management Account for investing cash in excess of daily requirements. Statute authorizes OST to buy and sell the following types of investments: U.S. Treasury and Agency securities; bankers' acceptances; and certificates of deposit with qualified public depositories. Securities underlying repurchase and reverse repurchase agreements are limited to those stated above.

Investment Activity

The State's investments are categorized below per GASB Statement 3 to give an indication of the level of risk assumed at year end. Category 1 includes investments that are insured, registered, or securities held by the State or its agent in the State's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the State's name. Investments at June 30, 1987, by investment type, are listed below (expressed in thousands):

Investment Type	Category		Total Carrying Amount	Total Market Value
	1	2		
Bankers' Acceptances.....	\$ 14,685	\$.....\$ 14,685		\$ 14,685
Canadian Government Bonds.....	64,075	1,208	65,283	65,245
Corporate Bonds.....	1,133,109	.....	1,133,109	1,132,206
Corporate Stocks.....	5,045,166	.....	5,045,166	5,055,846
Leveraged Buy-outs.....	760,700	.....	760,700	760,700
Mortgages.....	786,398	.....	786,398	786,398
Mutual Funds.....	907,437	.....	907,437	907,390
Real Estate.....	419,435	.....	419,435	419,435
Repurchase Agreements.....	289,753	3,605	293,358	293,338
Short-term Money Market.....	1,577,966	275,536	1,853,502	1,853,503
U.S. Government Securities.....	3,038,501	272,875	3,311,376	3,311,355
Venture Capital.....	220,113	.....	220,113	220,113
Zero Coupon Bonds.....	54,521	.....	54,521	54,562
Miscellaneous.....	58,235		58,235	58,387
Total Investments.....	<u>\$14,370,094</u>	<u>\$ 553,224</u>	<u>\$14,923,318</u>	<u>\$14,933,163</u>

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SIB has authority to enter into security lending agreements. Under the agreement existing at June 30, 1987, the investments in Category 2 were loaned to securities brokers as of June 30, 1987. The securities were loaned and collateralized by the State's agent at 102 percent by U.S. government securities and cash. The cash was invested by the State's agent in repurchase agreements and commercial paper. The securities held as collateral, and the securities underlying the cash collateral, are held by the State's agent, and are not reflected in the June 30, 1987 investment balances. The securities were loaned with the agreement that they will be returned in the future for exchange of the collateral. Under the securities lending agreement existing at June 30, 1987, up to \$5.3 billion of the State's investments may be loaned.

Repurchase agreements are collateralized at 102 percent in Government or Agency securities of less than 10 years maturity. The collateral is priced daily and held by the State's agent in the State's name. Repurchase agreements outstanding as of June 30, 1987 are typical of the level of activity during the year. There were no reverse repurchase agreements outstanding as of June 30, 1987. Reverse repurchase investment activity during Fiscal Year 1987 was insignificant.

B. Taxes Receivable

Taxes Receivable at June 30, 1987, consisted of the following (expressed in thousands):

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Total (Memo Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust & Agency	
Taxes Receivable.....	\$ 616,426	\$ 10,869	\$.....	\$.....	\$ 2,113	\$.....	\$.....	\$ 629,408
Less: Allowance for Uncollectibles.....	(17,913)	(734)	.....	.....	.....	.....	.....	(18,647)
Total.....	<u>\$ 598,513</u>	<u>\$ 10,135</u>	<u>\$.....</u>	<u>\$.....</u>	<u>\$ 2,113</u>	<u>\$.....</u>	<u>\$.....</u>	<u>\$ 610,761</u>

Note: Taxes Receivable consists primarily of property taxes receivable of \$345.8 million and excise taxes receivable of \$223.3 million in the general fund.

C. Other Receivables

Other Receivables at June 30, 1987 consisted of the following (expressed in thousands):

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Total (Memo Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust & Agency	
Accounts Receivable..	\$ 8,521	\$ 22,237	\$ 66	\$ 390	\$ 231,904	\$ 423	\$ 33,972	\$ 297,513
Accounts Receivable - Other Agencies.....	17,090	5,436	.....	713	848	15,913	13,555	53,555
Interest Receivable..	2,121	3,602	59	16	53,413	34	75,636	134,881
Loans Receivable.....	.....	.....	.....	.....	2	.....	73,605	73,607
Other Receivables.....	17,242	39,667	408	757	24,649	990	32,621	116,334
Subtotal.....	44,974	70,942	533	1,876	310,816	17,360	229,389	675,890
Less: Allowance for Uncollectibles.....	(40)	(1,343)	(2)	(13)	(33,169)	(72)	(11,552)	(46,191)
Total.....	<u>\$ 44,934</u>	<u>\$ 69,599</u>	<u>\$ 531</u>	<u>\$ 1,863</u>	<u>\$ 277,647</u>	<u>\$ 17,288</u>	<u>\$ 217,837</u>	<u>\$ 629,699</u>

D. Due From and To Other Funds

The following balances at June 30, 1987, represent due from/to balances among all funds (expressed in thousands):

Fund Type/Fund	Due From	Due To
General:		
Basic.....	\$ 42,522	\$ 65,516
Restricted.....	82,928	79,756
	<u>125,450</u>	<u>145,272</u>
Special Revenue:		
Motor Vehicle Fund.....	68,638	26,338
Highway Safety Fund.....	725	.....
State Game Fund.....	600	19
Common School Fund.....	2,248	.....
General Government Fund.....	11,989	572
Human Resources Fund.....	2,185	557
Natural Resources Fund.....	8,812	2,352
Higher Education Fund.....	23,141	14,621
	<u>118,338</u>	<u>44,459</u>
Debt Service:		
Transportation Fund.....	1,811	.....
Other Funds.....	4,246	249
	<u>6,057</u>	<u>249</u>
Capital Projects:		
General Government Fund.....	559	1,354
Human Resources Fund.....	53	3
Natural Resources Fund.....	22	41
Education Fund.....	6,968	24,246
	<u>7,602</u>	<u>25,644</u>
Enterprise:		
Liquor Fund.....	789	.....
Workers' Compensation Fund.....	3,054	2,547
Convention and Trade Fund.....	1,921	.....
Lottery Fund.....	477	4,774
Institutional Fund.....	275	51
Natural Resources Fund.....	854	30
Transportation Fund.....	3,980	45,459
Higher Education Fund.....	18,270	6,194
Other Activities Fund.....	179	.....
	<u>29,799</u>	<u>59,055</u>
Internal Service:		
Central Services Fund.....	883	239
Central Stores Fund.....	140	68
Equipment Revolving Fund.....	5,575	253
Data Processing Revolving Fund.....	796	219
Motor Transport Fund.....	18	11
Higher Education Revolving Fund.....	170	194
Miscellaneous Services Fund.....	4	28
	<u>7,586</u>	<u>1,012</u>
Trust and Agency:		
Expendable Trust:		
Human Resources Fund.....	\$ 3,225	\$ 877
Higher Education Fund.....	1,394	639
Miscellaneous Fund.....	376	631
	<u>4,995</u>	<u>2,147</u>
Nonexpendable Trust:		
Higher Education Fund.....	7	1,086
Miscellaneous Fund.....	4	.....
	<u>11</u>	<u>1,086</u>
Pension Trust:		
Public Employees' Fund.....	625	406
Teachers' Fund.....	377	155
Law Enforcement Officers' and Fire Fighters' Fund....	165	66
State Patrol Fund.....	16	.....
Judicial Fund.....	21	.....
Volunteer Firemen Fund.....	6	.....
	<u>1,210</u>	<u>627</u>
Agency:		
Payroll Fund.....	61	195
Suspense Fund.....	2,504	14,124
Miscellaneous Fund.....	56,213	65,956
	<u>58,778</u>	<u>80,275</u>
	64,994	84,135
Total Due From and To Other Funds	<u>\$ 359,826</u>	<u>\$ 359,826</u>

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E. Due From Other Governments

Due From Other Governments at June 30, 1987, consisted of the following (expressed in thousands):

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Total
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust & Agency	(Memo Only)
Federal Government....	\$ 116,963	\$ 66,222	\$.....	\$ 800	\$ 1,757	\$ 24	\$ 989	\$ 186,755
Local Governments.....	36,135	17,804	.....	.....	69	2,908	102,386	159,302
Total.....	<u>\$ 153,098</u>	<u>\$ 84,026</u>	<u>\$.....</u>	<u>\$ 800</u>	<u>\$ 1,826</u>	<u>\$ 2,932</u>	<u>\$ 103,375</u>	<u>\$ 346,057</u>

F. Other Nonfixed Assets

Other Nonfixed Assets amounted to \$13 million at June 30, 1987. This primarily consisted of \$7.4 million in unamortized bond discount and \$5.6 million in long-term receivables, net of allowance.

G. Fixed Assets

Methods of Accounting for Fixed Assets

Fixed assets are valued at historic cost or estimated cost if actual historic cost is not available. Donated fixed assets are valued at their estimated fair market value on the date of donation. Where necessary, estimates of original cost and fair market value are derived by factoring price levels from the current period to the time of acquisition.

Fixed assets valued at \$300 or more per unit are capitalized and reported in the accompanying financial statements. Fixed asset costs include the purchase price or construction cost, plus those costs necessary to place the asset in its intended location and condition for use. In proprietary and similar trust funds, interest costs, if material, on self-constructed assets are included in cost.

Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings (including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems, and similar assets) are not reported.

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group. Accumulated depreciation is recorded in the General Fixed Assets Account Group. Depreciation is on the straight-line method with estimated useful lives of fifty years for buildings, and five to forty years for furnishings and equipment, and other improvements and miscellaneous.

Fixed assets used in proprietary and similar trust funds are accounted for in the fund in which they are utilized. Depreciation of fixed assets used by proprietary funds is charged as an operating expense and accumulated depreciation is reported on the balance sheet. Depreciation is computed using the straight-line method with estimated useful lives for buildings extending up to fifty years. Furnishings and equipment, and other improvements and miscellaneous are depreciated using estimated useful lives of three to forty years.

Summary of the Changes in General Fixed Assets

Schedule of Changes in General Fixed Assets For the Fiscal Year Ended June 30, 1987 (expressed in thousands)

	Balance June 30, 1986	Adjustments	Adjusted Balance June 30, 1986	Additions	Deletions	Balance June 30, 1987
Land.....	\$ 319,489	\$ (68,621)	\$ 250,868	\$ 32,463	\$ 3,813	\$ 279,518
Buildings.....	1,003,671	58,679	1,062,350	95,788	2,414	1,155,724
Furnishings and Equipment.....	206,822	(10,806)	196,016	52,630	9,365	239,281
Other Improvements/Miscellaneous..	263,725	16,030	279,755	32,156	3,545	308,366
Construction in Progress.....	155,480	(39,254)	116,226	49,082	73,413	91,895
Total.....	<u>\$ 1,949,187</u>	<u>\$ (43,972)</u>	<u>\$ 1,905,215</u>	<u>\$ 262,119</u>	<u>\$ 92,550</u>	<u>\$ 2,074,784</u>

Source of Funds by Fund Type:

General.....	\$ 795,933
Special Revenue.....	370,510
Capital Projects.....	908,341
Total.....	<u>\$ 2,074,784</u>

Notes:

1. Amounts displayed are net of allowance for depreciation where appropriate.
2. The major adjustments to beginning balances in the General Fixed Assets Account Group are described below:

Land - Based on survey of similar aquatic land sales in 1880s (when Washington acquired the land) aquatic lands were devalued by \$41.9 million to historical cost. In addition, land acquired for right-of-way purposes was reduced by \$30.2 million, due to a previous overstatement in value. Other adjustments amounted to \$(3.5) million.

Buildings - State-owned buildings, not previously reported, were recorded at a historic cost of \$24.4 million. Also, assets amounting to \$28.8, incorrectly reported as construction in progress on June 30, 1986, were reclassified as buildings. Other adjustments amounted to \$5.5 million.

Furnishings and Equipment - \$12.4 million in equipment costing less than \$300 was removed from furnishings and equipment. Washington capitalizes only those assets with a cost of \$300 or greater. Other adjustments amounted to \$(1.6) million.

Other Improvements/Miscellaneous - Assets incorrectly reported as construction in progress on June 30, 1986, for \$8.3 million, were reclassified as other improvements/miscellaneous. Additionally, \$8.3 million in miscellaneous State assets not recorded as of June 30, 1986, were added to the account. Other adjustments amounted to \$(.6) million.

Construction in Progress - Completed projects in amount of \$40 million, reported as of June 30, 1986, as construction in progress, were adjusted to the correct General Fixed Assets Account classification. Other adjustments amounted to \$(.7) million.

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H. Construction In Progress

Various State agencies were involved in construction projects at June 30, 1987. A summary of major projects follows (expressed in thousands):

Enterprise Funds

State Convention Center - New Construction.....	\$ 121,630
University of Washington Intercollegiate Athletic Stadium - Expansion.....	13,421
University of Washington Hospital - Expansion and Remodeling.....	4,597
Other Small Projects.....	<u>5,093</u>
Total Enterprise Funds.....	\$ <u>144,741</u>

General Fixed Assets Account Group

Department of Corrections - Various Construction and Renovation Projects.....	\$ 18,778
Community Colleges - Various Small New Construction and Renovation Projects.....	18,686
Department of Social and Health Services - Western State Hospital Ward Renovation.....	5,243
Department of Social and Health Services - Other Small Construction, Renovation and Improvement Projects.....	7,072
Mt. Saint Helens Sediment Control Project - Land Acquisition.....	7,122
University of Washington Health Sciences Building - New Addition.....	6,642
University of Washington - Other Small New Construction, Renovation and Safety Improvement Projects.....	12,383
Western Washington University Engineering Technology Building - New Construction.....	6,575
Department of Transportation - Various Small Construction Projects.....	5,318
Other Small Projects.....	<u>4,076</u>
Total General Fixed Assets Account Group.....	\$ <u>91,895</u>
Total Construction in Progress.....	\$ <u>236,636</u>

I. Accounts Payable

Accounts Payable at June 30, 1987, consisted of the following (expressed in thousands):

	Governmental Fund Types				Proprietary Fund Types		Fiduciary	Total (Memo Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust & Agency	
Accounts Payable.....	\$ 190,611	\$ 55,238	\$.....	\$ 10,672	\$ 26,158	\$ 12,834	\$ 7,952	\$ 303,465
Accounts Payable - Other Agencies.....	23,590	9,314	.....	710	8,413	1,640	823	44,490
Total.....	\$ <u>214,201</u>	\$ <u>64,552</u>	\$.....	\$ <u>11,382</u>	\$ <u>34,571</u>	\$ <u>14,474</u>	\$ <u>8,775</u>	\$ <u>347,955</u>

J. Contracts and Retainages Payable

Contracts and Retainages Payable at June 30, 1987, consisted of the following (expressed in thousands):

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Total (Memo Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust & Agency	
Deposits Payable.....	\$ 7,641	\$ 16,231	\$ 1,532	\$ 680	\$ 29,000	\$ 51	\$ 12,738	\$ 67,873
Retainages Payable....	37	20,907	.....	3,289	4,108	.....	49	28,390
Installment Contracts Payable.....	.....	.....	.....	.....	195	5,158	.....	5,353
Lease Agreements Payable.....	.....	.....	.....	.....	313	4,071	.....	4,384
Contracts Payable.....	3,170	1,759	.....	25	1,122	43	.....	6,119
Construction Contracts Payable.....	70	6,068	.....	1,312	.....	.....	2	7,452
Total.....	\$ 10,918	\$ 44,965	\$ 1,532	\$ 5,306	\$ 34,738	\$ 9,323	\$ 12,789	\$ 119,571

Notes:

1. Deposits Payable: This balance represents the amount of private funds deposited with the State. Workers' compensation payments and logging rights to State-owned timber account for 41 percent and 37 percent, respectively.
2. Retainages Payable: This balance represents the amount of major construction contract payments withheld by the State pending final inspection or the lapse of a specific time period. State highway construction, educational institutions construction, and local government sewage water treatment facilities account for 43 percent, 15 percent, and 13 percent, respectively.

K. Accrued Liabilities

Accrued Liabilities at June 30, 1987, consisted of the following (expressed in thousands):

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Total (Memo Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust & Agency	
Salaries Payable.....	\$ 45,655	\$ 27,678	\$	\$ 63	\$ 12,055	\$ 4,347	\$ 18,628	\$ 108,426
Annual Leave Payable..	.....	.....	.....	.....	12,405	5,677	5	18,087
Interest Payable.....	.....	.....	620	.....	6,159	72	.....	6,851
Annuities Payable.....	.....	.....	.....	.....	5,180	.....	.....	5,180
Prizes Payable.....	.....	.....	.....	.....	4,775	.....	.....	4,775
Other Short-Term Liabilities.....	18,255	15,399	.....	4	5,528	111	33,070	72,367
Total.....	\$ 63,910	\$ 43,077	\$ 620	\$ 67	\$ 46,102	\$ 10,207	\$ 51,703	\$ 215,686

Notes:

1. Salaries Payable: The balance represents employees' salaries earned from June 16 through June 30, 1987, and not paid until July 10, 1987.
2. Annuities Payable: This balance represents the amount owed for grand prize lottery annuities.
3. Prizes Payable: This balance represents the minimum 45 percent payout requirement of the State lottery.

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L. Due to Other Governments

Due To Other Governments at June 30, 1987, consisted of the following (expressed in thousands):

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Total (Memo Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust & Agency	
Federal Government..	\$ 2,768	\$ 3,015	\$	\$	\$	\$ 1	\$ 2,123	\$ 7,907
Local Governments....	2,879	21,299	.....	88	.....	18	65,697	89,981
Total.....	\$ 5,647	\$ 24,314	\$	\$ 88	\$	\$ 19	\$ 67,820	\$ 97,888

M. Deferred Revenues

Deferred Revenues at June 30, 1987, consisted of the following (expressed in thousands):

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Total (Memo Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust & Agency	
Property Taxes.....	\$ 332,755	\$	\$	\$	\$	\$	\$	\$ 332,755
Excise Taxes.....	145,248	.....	.....	.....	.....	.....	.....	145,248
Charges for Services..	.....	25,502	.....	.....	17,069	3,043	.....	45,614
Timber Sales.....	5,696	7,720	.....	.....	.....	.....	.....	13,416
Miscellaneous.....	62,923	87,029	.....	643	.....	.....	9,190	159,785
Total.....	\$ 546,622	\$ 120,251	\$	\$ 643	\$ 17,069	\$ 3,043	\$ 9,190	\$ 696,818

N. Workers' Compensation Benefits Payable

Current Workers' Compensation Benefits Payable represents the current liability of Department of Labor & Industries (L&I) for benefit payments to qualifying individuals sustaining work related injuries. Included in the total liability amount is a \$98 million actuarial estimate of a Supplemental Pension plan accounted for in the Human Resources expendable trust fund. This amount is limited by that expected to be liquidated with expendable available financial resources. The Legislature established the Supplemental Pension Benefit Program trust fund (RCW 51.44.033) to be funded on a current basis through assessments to self-insurers and employers.

Current plus noncurrent benefits payable represent the actuarially determined present value at June 30, 1987, to pay future benefits to qualifying individuals sustaining work related injuries. L&I actuaries and outside actuarial consultants conducted an analysis during the year and at year end to determine the present value of contingent benefits payable. The liabilities for each Workers' Compensation plan are discounted at an assumed interest rate of 6.5 percent. An inflation factor is added for the Medical Aid Plan at 9 percent and for the Supplemental Pension Plan at 4.5 percent. The actuaries' judgment determined the expected inflation rate used for each plan as applicable (see Note 3-Q, page 41, and Note 8, page 51).

O. Lease Commitments

The State leases land, office facilities, office and computer equipment, and other assets. Although lease terms vary, most leases are subject to appropriation from the State Legislature to continue the obligation. If continued legislative appropriations are reasonably assured, leases are considered noncancelable for financial reporting purposes. Leases which represent acquisitions are classified as capital leases and the related assets and liabilities are recorded in the financial records at the inception of the lease. Other leases are classified as operating leases with the lease payments recorded as expenditures or expenses during the life of the lease.

Total lease expense for budgeted funds for Fiscal Year 1987 was \$99.7 million. Lease commitments for noncancelable operating and capital leases as of June 30, 1987, were as follows (expressed in thousands):

Lease Commitments During Fiscal Year:	Capital Leases				Total All Leases
	Operating Leases	Enterprise Funds	Internal Service Funds	Long-Term Obligations Account Group	
1988	\$ 42,385	\$ 687	\$ 5,438	\$ 4,014	\$ 52,524
1989	37,885	706	4,809	4,163	47,563
1990	33,889	615	3,772	3,403	41,679
1991	31,247	599	873	2,651	35,370
1992	28,174	519	805	1,524	31,022
Thereafter	26,565	1,931	123	2,708	31,327
Total Future Minimum Lease Payments.....	<u>\$ 200,145</u>	5,057	15,820	18,463	<u>\$ 239,485</u>
Amounts Representing Executory and Interest Cost.....		<u>(3,060)</u>	<u>(1,263)</u>	<u>(5,293)</u>	
Present Value Of Future Minimum Lease Payments.....		<u>\$ 1,997</u>	<u>\$ 14,557</u>	<u>\$ 13,170</u>	

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P. Bonds Payable

Bonds Payable at June 30, 1987, consisted of bonds issued by the State of Washington and certain State agency bonds issued in proprietary funds. A detailed schedule of bonds payable for the General Long-Term Obligations Account Group and those proprietary bonds accounted for by the State Treasurer are included in the Washington State Treasurer 1987 Annual Report.

Debt Service Requirements

Total debt service requirements for general long-term obligation bonds to maturity as of June 30, 1987, are as follows (expressed in thousands):

General Long-Term Obligation Bonds:

	Principal	Interest	Total
By Fiscal Year:			
1988	\$ 112,204	\$ 210,293	\$ 322,497
1989	118,347	201,722	320,069
1990	124,846	193,053	317,899
1991	133,044	184,005	317,049
1992	138,148	174,693	312,841
1993 - 1997.....	749,401	725,475	1,474,876
1998 - 2002.....	832,752	445,918	1,278,670
2003 - 2007.....	453,185	185,228	638,413
Thereafter.....	246,775	31,597	278,372
Total Debt Service Requirements...	<u>\$2,908,702</u>	<u>\$2,351,984</u>	<u>\$5,260,686</u>

Total debt service requirements for proprietary fund bonds to maturity at June 30, 1987, are as follows (expressed in thousands):

Enterprise Bonds:

	Principal	Interest	Total
By Fiscal Year:			
1988	\$ 7,630	\$ 20,751	\$ 28,381
1989	9,635	20,266	29,901
1990	10,274	19,650	29,924
1991	10,869	18,981	29,850
1992	11,438	18,277	29,715
1993 - 1997.....	67,445	79,106	146,551
1998 - 2002.....	82,470	54,767	137,237
2003 - 2007.....	73,140	25,944	99,084
Thereafter.....	26,150	2,934	29,084
Total Debt Service Requirements...	<u>\$ 299,051</u>	<u>\$ 260,676</u>	<u>\$ 559,727</u>

Legal Debt Limitation

As certified by the State Treasurer, the maximum debt service authorization subject to limitation for Fiscal Year 1987 was \$2,495.5 million, under the then current constitutional and statutory limitation. This computation excludes specific bond issues and types which are not secured by general State revenues. Based on the debt limitation calculation, the debt service requirements as of June 30, 1987, did not exceed the authorized debt service limitation.

Refunded and Defeased Long-Term Debt

State refunded and defeased bond debt totaled \$951.9 million for general governmental bonded debt and \$88.4 million for proprietary bonded debt (as shown on pages 124 and 125). These refunded and defeased bonds are secured by U.S. Government securities in escrow with the respective banks appointed as bond trustees. Therefore these bonds are excluded from State debt totals.

Q. Changes in General Long-Term Obligations

Schedule of Changes in General Long-Term Obligations

Changes in General Long-Term Obligations for Fiscal Year 1987, are summarized as follows (expressed in thousands):

Schedule of Changes in the General Long-Term Obligations Account Group For the Fiscal Year Ended June 30, 1987

	Bonds Payable	Benefits Payable	Instaliments & Leases Payable	Other Long-Term Obligations	Total General Long-Term Obligations
Balance at July 1, 1986.....	\$2,705,018	\$ 910,000	\$ 19,983	\$ 91,174	\$3,726,175
Increase in Bonds Payable.....	454,075	.....	.....	.....	454,075
Increase in Other Obligations.....	.....	1,436,095	8,202	16,636	1,460,933
Retirement of Principal.....	250,391	.....	7,460	12,091	269,942
Balance at June 30, 1987.....	<u>\$2,908,702</u>	<u>2,346,095</u>	<u>\$ 20,725</u>	<u>\$ 95,719</u>	<u>\$5,371,241</u>

Refunding Bond Issues

The State refunded one bond issue during Fiscal Year 1987 to reduce the total debt service requirements. The following is a summary of the bond issue and the effect on the State's current and future debt service requirements:

	General Obligation/ Motor Fuel Tax Bonds
Refunding Bond Issue Date.....	12/01/86
Original Issue(s)	
Bond Issue Date(s).....	4/01/81, 7/01/84 10/01/85
Bond Interest Rate.....	9.47%
Remaining Principal (millions).....	\$143.69
Remaining Interest (millions).....	\$180.83
Refunding Issue	
New Bond Interest Rate.....	6.37%
New Principal Amount (millions).....	\$174.00
New Interest Amount (millions).....	\$126.20
Gain on Refunding (millions).....	\$24.32
Present Value of Gain (millions).....	\$13.66

Refunded Bonds are Economically Defeased

The bond proceeds from the refunding bond issue were used to purchase U.S. Government securities which were placed or deposited in irrevocable trusts with escrow agents to provide for all future debt service payments on the refunded bonds. As a result, the original bond issue is considered economically defeased and the liability for those bonds has been removed from the General Long-Term Obligations Account Group.

Long-term Workers' Compensation Benefits Payable

Long-Term Workers' Compensation Benefits Payable is comprised solely of the contingent liability from the Workers' Compensation Supplemental Pension Benefit Program. The present value of current claims was actuarially determined to be \$2.44 billion as of June 30, 1987. This represents an increase of \$1.44 billion over Fiscal Year 1986. Based upon an assumption of continuation of the current program, the noncurrent portion of this contingent liability, now amounting to \$2.35 billion, is recognized in the General Long-Term Obligations Account Group. Legal counsel has advised that legislative termination of this program would eliminate this contingent liability (see Note 3-N, page 38, and Note 8, page 51). The present value of anticipated payments for this contingent liability follows:

	CURRENT	NONCURRENT	TOTAL
Fiscal Year 1988	\$ 98,148	\$.....	\$ 98,148
Fiscal Year 1989 .....	.....	94,092	94,092
Fiscal Year 1990 .....	.....	93,558	93,558
Fiscal Year 1991 .....	.....	92,785	92,785
Fiscal Year 1992		91,902	91,902
Thereafter		1,973,758	1,973,758
Total.....	<u>\$ 98,148</u>	<u>\$ 2,346,095</u>	<u>\$ 2,444,243</u>

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Annual Leave Liability

Included in the Other Long-Term Obligations is a net annual leave liability increase of \$2.76 million from leave earned but not taken during the fiscal year ended June 30, 1987.

R. Fund Equity - Other Specific Reserves

Certain fund equity reserves presented in the accompanying financial statements as of June 30, 1987, as Reserved for Other Specific Purposes in governmental funds and, Reserved Retained Earnings in proprietary funds, are further detailed as follows (expressed in thousands):

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Total (Memo Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust & Agency	
Reserved For:								
Petty Cash.....	\$ 328	\$ 1,060	\$	\$	\$	\$	\$ 28	\$ 1,416
Long-Term Investments..	1,040	6,930	.....	2,526	.....	.....	8,568	19,064
Long-Term Loans Rec'b..	93,824	30	.....	.....	.....	.....	68,674	162,528
Debt Service.....	.....	.....	.....	.....	8,698	.....	.....	8,698
Total.....	\$ 95,192	\$ 8,020	\$	\$ 2,526	\$ 8,698	\$	\$ 77,270	\$ 191,706

NOTE 4 - FUND EQUITY RESTATEMENT

Fund Equity at June 30, 1986, has been restated as follows (expressed in thousands):

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Total (Memo Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust & Agency	
Fund Equity at June 30, 1986 as Previously Reported.....	\$ 255,893	\$ 417,231	\$ 64,512	\$ 54,388	\$ 741,855	\$ 148,342	\$ 9,343,585	\$11,025,806
Reclassifications.....	.....	7960	.....	.....	(7,960)	.....	.....	.....
Prior period adjustments (14,176)	.....	712	.....	(4,352)	3,379	(743)	.....	(15,180)
Fund Equity at June 30, 1986 as Restated.....	\$ 241,717	\$ 425,903	\$ 64,512	\$ 50,036	\$ 737,274	\$ 147,599	\$ 9,343,585	\$11,010,626

The restatements are explained as follows:

Reclassifications - The Access Road Revolving Account which was previously included in the Natural Resources enterprise fund has been reclassified and is now included in the Natural Resources special revenue fund to reflect its proper measurement focus.

Prior Period Adjustments - Fund Equity previously reported has been restated because of adjustments to prior periods as follows:

1. General fund revenues were overstated in Fiscal Year 1986 due to the estimation technique used in Fiscal Year 1986 to determine support enforcement receivables. These revenues, and the related receivables, are now accrued on the basis of actual collections within 60 days.
2. Special revenue fund revenues and expenditures were misstated in Fiscal Year 1986.
3. Capital projects fund operating transfers in were overstated in Fiscal Year 1986.
4. Enterprise fund interest on self-constructed buildings, which should have been capitalized, was recorded as an expense in Fiscal Year 1986.
5. Internal service fund operating transfers out were understated in Fiscal Year 1986.

Other Adjustments Not Affecting Beginning Fund Equity

Fiscal Year 1986 trust operating revenues were understated and unrealized gains on investments were overstated by \$226 million. Total pension trust fund equity as of June 30, 1986 was not misstated. However, a correction was made in the current year to reclassify reserved for unrealized gain on investment to reserved for retirement systems.

NOTE 5 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The state of Washington operates enterprise funds which are intended to be self-supporting through user fees charged to the public. Certain funds are further broken down into individual accounts for administrative purposes. Enterprise fund activities operated by the State include the following:

Primary Source of Revenue or Purpose

Liquor Fund.....	Sales of liquor, and licenses and permits to sell Liquor.
Workers' Compensation Fund...	Employer contributions for workers' compensation for employment related accidents and disabilities.
Convention and Trade Fund....	To attract national and regional conventions to Washington State. The Convention and Trade Center is scheduled to open in the spring of 1988.
Lottery Fund.....	Washington State Lottery revenues and operations.
Transportation Fund.....	Tolls and fares related to various bridge and ferry operations.
Higher Education Fund.....	Sales and fees related to the University of Washington Hospital, housing, food service, bookstore, and other enterprises managed by State colleges and universities.
Other Enterprise Funds.....	Services and fees charged by various departments including: Department of Social and Health Services; Department of Corrections; Parks and Recreation Commission; and Department of Natural Resources.

The table below reflects significant enterprise fund activities during Fiscal Year 1987. Interfund transactions have not been eliminated for purposes of this analysis:

ENTERPRISE SEGMENT INFORMATION (expressed in thousands)

Selected Information:	Liquor Fund	Workers' Compensation Fund	Convention and Trade Fund	Lottery Fund	Transportation Fund	Higher Education Fund	All Other Funds	Total Enterprise Funds
Operating Revenues.....\$	95,713	\$ 510,363	\$ 37,018	\$ 194,335	\$ 74,553	\$ 255,914	\$ 13,854	\$1,181,750
Depreciation and Amortization.....	803	1,482	126	369	9,184	14,754	576	27,294
Operating Income (Loss)...	52,609	(119,858)	34,974	78,890	(16,032)	16,608	(379)	46,812
Operating Interfund Transfers (Net).....	(29,676)	(1,493)	.....	(78,785)	.....	2,972	2,718	(104,264)
Net Income (Loss).....	1,315	173,251	35,043	573	(16,230)	14,367	3,374	211,693
Current Capital Contribution.....	.....	22	.....	.....	57,263	27	583	57,895
Net Working Capital.....	20,939	(203,856)	17,594	(1,680)	(38,027)	81,401	22,131	(101,498)
Change in Fixed Assets..	909	6,036	79,197	83	39,871	18,315	423	144,834
Total Assets.....	52,085	3,044,201	163,140	70,007	357,810	481,588	27,528	4,196,359
Bonds and Other Long-Term Liabilities Payable from Operating Revenues.....	.....	.....	102,103	47,845	21,615	182,222	501	2,714,302
Other Long-Term Liabilities Payable from Other Sources.....		2,360,016						2,360,016
Total Equity.....	24,773	245,918	51,559	2,856	280,141	253,100	25,088	883,435

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NOTE 6 - RETIREMENT SYSTEMS

A. General Description of Plans

The state of Washington administers four major retirement systems: Public Employees' Retirement System (PERS), Teachers' Retirement System (TRS), Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF), and Washington State Patrol Retirement System. Information pertinent to each plan is stated below. Unless otherwise specified, amounts stated pertain to the entire system, not to the State.

The total pension benefit obligation for each plan is stated on an individual basis. These totals are based on a standardized disclosure measure as required by GASB Statement 5. This standardized measure is the actuarial present value of credited projected benefits, adjusted for the effects of projected salary increases and any step-rate benefits (LEOFF only) estimated to be payable in the future as a result of employee service to date. Use of the standardized measure enables readers of Washington's financial statements to: (a) assess on an ongoing basis the funding status of each system; (b) assess progress made in accumulating sufficient assets to pay benefits when due; and (c) make comparisons among other states or other retirement systems. The standardized disclosure method is independent of the actuarial funding method used to determine contributions to the retirement systems.

Employee contributions to PERS, TRS, and LEOFF accrue interest at a rate specified by the Department of Retirement Systems (DRS). During Fiscal Year 1987, the DRS established rate on employee contributions was 5.5 percent. State Patrol Retirement System employee contributions earn 2.5 percent interest, as established by statute. Employees in all four retirement systems can elect to withdraw total employee contributions and interest earnings thereon upon termination. The retirement systems have no related party agreements.

B. Summary of Selected Actuarial Data

The following summary of selected actuarial data, compiled in accordance with GASB Statement 5, was prepared by the State Actuary using the latest available data for the major State administered retirement systems:

	PERS	TRS	LEOFF	STATE PATROL
Number of Participants:				
Active Members.....	119,478	46,511	9,721	815
Inactive Members.....	5,137	3,163	227	66
Retired Members.....	43,018	20,607	4,528	271
Total Participants.....	167,633	70,281	14,476	1,152
Latest Actuarial Date.....	12/31/86	6/30/86	12/31/86	6/30/86
Actuarial Update.....		6/30/87		6/30/87
Actuarial Present Value of Accumulated Benefits (dollars are expressed in millions):				
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits.....	\$ 2,103	\$ 1,547	\$ 1,450	\$ 53
Accumulated employee contributions including allocated investment income.....	1,263	1,011	189	22
Employer-financed vested benefits.....	1,811	2,210	974	71
Employer-financed nonvested benefits.....	172	100	18	1
Total Pension Benefit Obligation.....	5,349	4,868	2,631	147
Less: Actuarial Value of Net Assets Available for Benefits as of Actuarial Date.....	3,860	2,626	1,590	136
Unfunded Actuarial Present Value of Accumulated Plan Benefits.....	\$ 1,489	\$ 2,242	\$ 1,041	\$ 11

C. Details of the Major Plans

Public Employees' Retirement System (PERS)

The Legislature established PERS in 1947. PERS is a Cost-Sharing Multiple-Employer System. Membership in the system includes: elected officials; State employees; employees of the Supreme, Appeals, and Superior Courts (other than judges); employees of legislative committees; college and university employees not in national higher education retirement programs; judges of district and municipal courts; noncertificated employees of school districts; and employees of local government. Approximately 50 percent of PERS members are State employees.

PERS contains two plans. Participants who joined the system by September 30, 1977, are Plan I members. Those joining thereafter are enrolled in Plan II. Retirement benefits are financed from employee and employer contributions and investment earnings. Retirement benefits in both Plan I and Plan II are vested after completion of five years of eligible service.

Plan I members are eligible for retirement after 30 years of service, or at the age of 60 with 5 years of service, or at the age of 55 with 25 years of service. The annual pension is 2 percent of the final average salary per year of service, capped at 60 percent.

Plan II members may retire at the age of 65 with 5 years of service, or at 55 with 20 years of service, with an allowance of 2 percent per year of service of the final average salary. Plan II retirements prior to 65 are actuarially reduced. There is no cap on years of service credit and a cost-of-living allowance is granted, capped at 3 percent annually.

Both plans provide death and disability benefits, in addition to pension benefits. Benefit and eligibility changes include an increase in minimum benefit, an increase in inter-system portability, and a restoration bill. The cost of these additional benefits is \$158 million. The aggregate effect on the employers' contribution rate due to changes in benefit provisions was .23 percent for Plan I and .06 percent for Plan II.

The employers' current-year covered payroll for Fiscal Year 1987 was \$2,724 million. Employers' total current-year payroll for all employees statewide was not readily available, but may be obtained on an individual basis from the financial statements for each employer or municipality.

Each biennium the Legislature establishes Plan I employer contribution rates and Plan II employer and employee contribution rates. Employee contributions rates for Plan I are established by legislative statute and do not vary from year to year. Employer rates for Plan I are not necessarily adequate to fully fund the system. The employer and employee contribution rates for Plan II are developed by the Office of State Actuary to fully fund the system. All employers are required to contribute at the level established by the Legislature. The methods used to determine the contribution requirements were established under State statute.

The State's actuarially determined contribution as a percentage of employers' current-year covered payroll for fiscal year ended June 30, 1987, was 8.85 percent for Plan I, and 7.77 percent for Plan II. The State's contribution represents approximately 50 percent of the total current-year actuarially determined contribution for all employers covered by the pension plan. The total actual contribution for Fiscal Year 1987 was \$425 million. Actual employer contributions were \$253 million; employee contributions were \$172 million. Actual contribution rates (expressed as a percentage of the employers' current-year covered payroll) for Fiscal Year 1987, were as follows:

	PLAN I	PLAN II
Employer Contributions:		
State Agencies.....	9.11%	8.27%
Local Governmental Units.....	8.65%	7.81%
State Government Elective Officials.....	13.41%	8.27%
Employee Contributions:		
State Agencies.....	6.00%	4.83%
Local Governmental Units.....	6.00%	4.83%
State Government Elective Officials.....	7.50%	4.83%

The Entry Age Cost Method is used in PERS I to determine the Normal Cost. The Unfunded Actuarial Accrued Liability is amortized as a level percentage of all PERS salaries (Plans I and II) over a period ending in 2025. The Aggregate Cost Method is used in PERS II to establish a contribution rate which is a level percentage of pay. Plan II has no Unfunded Actuarial Accrued Liability.

The measurement of the total pension benefit obligation is based on the actuarial valuation as of December 31, 1986. Net assets available to pay pension benefits were valued as of the same date.

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The following Eight-Year Historical Trend Information will provide information about the progress made by Washington State in accumulating sufficient assets to pay benefits when due (dollars expressed in millions).

PERS HISTORICAL TREND INFORMATION - FOR CALENDAR YEARS 1979 TO 1986

	1986	1985	1984	1983	1982	1981	1980	1979
Net Assets Available for Benefits.....	3,860	3,117	2,622	2,732	2,184	1,992	1,730	1,485
Pension Benefit Obligation.....	5,349	4,797	4,258	4,138	3,808	3,415	3,076	2,733
Percentage Funded.....	72.2%	65.0%	61.6%	66.0%	57.4%	58.3%	56.2%	54.3%
Unfunded Pension Benefit Obligation.....	1,489	1,680	1,636	1,406	1,624	1,423	1,346	1,248
Annual Covered Payroll.....	2,668	2,524	2,265	2,084	1,922	1,850	1,744	1,534
Unfunded Benefit Obligation as Percentage of Covered Payroll....	56%	67%	72%	67%	84%	77%	77%	81%

Teachers' Retirement System (TRS)

The Teachers' Retirement System (TRS) was legislatively established in 1938. TRS is a Cost-Sharing Multiple-Employer Retirement System. Membership requires service as a certificated employee in grades K-12 in the public schools. Retirement benefits are financed by: legislative appropriation; employee contributions; and earnings on investments. TRS is comprised principally of nonstate employees.

TRS contains two plans. Participants who joined the system by September 30, 1977, are Plan I members and those who joined thereafter are enrolled in Plan II. Retirement benefits in both plans are vested after completion of five years of eligible service.

Teachers in Plan I are eligible to retire after 30 years of service, at the age of 60 with 5 years of service, or at age 55 with 25 years of service. The benefit is 2 percent of the final average salary per year of service. There is no cost-of-living allowance. The normal retirement age for Plan II employees is 65. The benefit is 2 percent of the final average salary per year of service; a cost-of-living allowance is indexed to the Consumer Price Index and capped at 3 percent. Death and disability benefits are available in both Plans I and Plan II.

Changes in benefit provisions for Plan I and Plan II included inter-system portability and restoration of past service. Plan I changes also included raising the minimum benefit to \$13.50 per month per year of service. These changes resulted in an increased liability of \$68 million; or approximately .30 percent of the employers' actuarially determined contribution requirement.

Employers' current-year covered payroll for Fiscal Year 1987 was \$1,410 million. Employers' total current-year payroll for all employees statewide was not readily available, but may be obtained on an individual basis from the financial statements for each employer or municipality.

Each biennium the Legislature establishes Plan I employer contribution rates and Plan II employer and employee contribution rates. Employee contributions rates for Plan I are established by legislative statute and do not vary from year to year. Employer rates for Plan I are not necessarily adequate to fully fund the system. The employer and employee contribution rates for Plan II are developed by the Office of State Actuary to fully fund the system. All employers are required to contribute at the level established by the Legislature. The methods used to determine the contribution requirements were established under State statute.

The State's actuarially determined contribution as a percentage of employers' current-year covered payroll for fiscal year ended June 30, 1987, was 17.24 percent for Plan I, and 13.95 percent for Plan II. As an employer, the State's contribution to TRS is a virtually insignificant percentage of the total current-year actuarially determined contribution for all employers covered by the pension plan. However, since the Constitution requires the State to fund "Basic Education," the State is responsible for the majority of the pension liabilities incurred by TRS. The total contribution requirement to TRS for the fiscal year ended June 30, 1987, was \$261 million. Actual employer

contributions were \$164 million. Employee contributions were \$97 million. Actual contribution rates (expressed as a percentage of employers' current-year payroll) for fiscal year ending June 30, 1987, were as follows:

	PLAN I	PLAN II
TRS Employee Contributions.....	6.00%	6.45%
Employer Contributions.....	12.17%	12.17%

In TRS I, the Normal Cost is developed by the Entry Age Cost Method. The Unfunded Actuarial Accrued Liability is to be amortized over a period ending June 30, 2014, as a level percentage of all TRS salaries.

For TRS II, the Aggregate Actuarial Cost Method is used to calculate the Plan II contribution rate which is a level percentage of pay. There is no Unfunded Actuarial Accrued Liability for TRS II.

The measurement of the total pension benefit obligation is based on a June 30, 1987, update of the actuarial valuation as of June 30, 1986. Net assets available to pay pension benefits were projected to the same date.

Nine-Year Historical Trend Information provides information about the progress made in accumulating sufficient assets to pay benefits when due (dollars are expressed in millions):

TRS HISTORICAL TREND INFORMATION - FOR FISCAL YEARS 1979 TO 1987

	1987	1986	1985	1984	1983	1982	1981	1980	1979
Net Assets Available for Benefits.....	2,626	2,328	1,946	1,686	1,614	1,449	1,268	1,102	926
Pension Benefit Obligation.....	4,868	4,407	4,029	3,768	3,711	3,561	3,271	2,882	2,590
Percentage Funded.....	54%	53%	48%	45%	43%	41%	39%	38%	36%
Unfunded Pension Benefit Obligation.....	2,242	2,079	2,083	2,082	2,097	2,112	2,003	1,780	1,664
Annual Covered Payroll.....	1,410	1,318	1,255	1,178	1,075	1,101	1,062	951	859
Unfunded Benefit Obligation as Percentage of Covered Payroll...	159%	158%	166%	177%	195%	192%	189%	187%	194%

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)

The Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) was established in 1970 by the Legislature. LEOFF is a Cost-Sharing Multiple-Employer Retirement System. Membership includes all full-time, fully compensated, local law enforcement officers and fire fighters. Retirement benefits are financed by employee and employer contributions, investment earnings and legislative appropriation. LEOFF is comprised solely of nonstate employees.

The LEOFF System contains two plans. Participants who joined the system by September 30, 1977, are Plan I members. Those who joined thereafter are enrolled in Plan II. Retirement benefits are vested after completion of five years of eligible service.

Employers' current-year covered payroll for the fiscal year ended June 30, 1987, was \$307 million. Employers' total current-year payroll for all employees statewide was not readily available, but may be obtained on an individual basis from the financial statements for each employer or municipality.

Plan I participants are eligible to retire with 5 years of service at age 50. The benefit per year of service is as follows:

Term of Service	Percent of Final Average
20+	2.0%
10-20	1.5%
5-10	1.0%

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The final average salary is based on salary received during the last two years of service. Substantial disability and death benefits are provided by the plan. Retirement benefits are indexed to the Seattle area Consumer Price Index.

Plan II participants are eligible to retire at the age of 50 with 20 years of service, or at 58 with 5 years of service. Retirement benefits prior to age 58 are actuarially reduced. The benefit is 2 percent of average salary per year of service. The average salary is based on the highest five-year period. Retirement benefits are indexed to the Consumer Price Index with a cap of 3 percent annually. Death and disability benefits are also provided. These benefit provisions were established under the authority of legislative statute. LEOFF had no material changes in benefit provisions for this year.

Employer and employee contribution rates for Plan II are developed by the Office of State Actuary to fully fund the system. Plan II employers and employees are required to pay at the level established by the Legislature. Plan I employers and employees are required to contribute at a rate of 6 percent and the State is responsible for the balance of the funding. However, current funding is not required for Plan I. The methods used to determine the contribution requirements were established under the authority of legislative statute.

The State's actuarially determined contribution rates as a percentage of employers' current-year covered payroll for fiscal year ended June 30, 1987, were 48.17 percent for Plan I, and 19.86 percent for Plan II. As an employer, the State makes no contributions to LEOFF, however, the Legislature appropriates money from the general fund to supplement the LEOFF system. This is not a constitutional requirement and this liability could be returned to the employer by a change of statute. The total contribution requirement for Fiscal Year 1987 was \$44 million, this amount does not include State appropriations. Actual employer contributions were \$20 million. Employee contributions were \$24 million. Actual contribution rates (expressed as a percentage of employers' current-year covered payroll) for Fiscal Year 1987 were as follows:

	PLAN I	PLAN II	UNFUNDED ACTUARIAL ACCRUED LIABILITY
Employer Contributions.....	6.00%	4.70%	0.00%
Employee Contributions.....	6.00%	7.83%	0.00%
State of Washington Contributions.....	31.49%	3.13%	26.27%

For Plan I, the Normal Cost is developed by the Entry Age Cost Method. The Unfunded Actuarial Accrued Liability will be amortized as a level percent of all pay (Plan I and Plan II) over a period ending in year 2010. Under Plan II, the Aggregate Actuarial Cost Method is used to calculate the contribution rate as a level percentage of pay. Plan II has no Unfunded Actuarial Accrued Liability.

The measurement of the total pension benefit obligation is based on the actuarial valuation as of December 31, 1986. Net-assets available to pay pension benefits were valued as of the same date. The Seven-Year Historical Trend Information below provides a basis for determining the progress made by LEOFF in accumulating sufficient assets to pay pension benefits as they become due (dollars expressed in millions):

LEOFF HISTORICAL TREND INFORMATION - FOR CALENDAR YEARS 1980 TO 1986

	1986	1985	1984	1983	1982	1981	1980
Net Assets Available for Benefits.....	1,590	1,234	998	923	692	545	469
Pension Obligation Benefits.....	2,631	2,424	2,197	3,233	2,952	2,596	2,156
Percentage Funded.....	60%	51%	45%	29%	23%	21%	22%
Unfunded Pension Benefit Obligation.....	1,041	1,190	1,199	2,310	2,260	2,051	1,687
Annual Covered Payroll.....	314	295	276	256	236	217	189
Unfunded Benefit Obligation as Percentage of Covered Payroll....	332%	403%	434%	902%	958%	945%	893%

Washington State Patrol Retirement System

The Washington State Patrol Retirement System was established by the Legislature in 1947. It is a Single-Employer Retirement System. Any commissioned employee of the State Patrol is eligible to participate. Retirement benefits are financed through employee and State contributions and investment earnings. Retirement benefits are vested after completion of five years of eligible service. Total current-year covered payroll for fiscal year ended June 30, 1987, was \$28.2 million; employers' total current-year payroll for all employees was \$28.6 million.

Benefit provisions include death benefits, however, the system contains no disability benefits. Members are eligible to retire at age 55 or after 25 years of service with a benefit of 2 percent of final average salary per year of service. The benefit is capped at 75 percent of final average salary. In addition, a 2 percent cost-of-living allowance is included. There were no material changes in benefit provisions for this year.

The State's actuarially determined contribution rate (expressed as a percentage of the State's current-year covered payroll) for fiscal year ended June 30, 1987, was 18.91 percent. Legislative statute obligates employees to contribute at a fixed rate of 7 percent. Employee contributions for Fiscal Year 1987 were \$2 million. No obligation to contribute is established for the State. However, contributions for fiscal year ending June 30, 1987, were made by the State at a rate of 22.57 percent, or \$7 million.

The actuarial funding method used to determine the pension benefit obligation for the Washington State Patrol Retirement System was the Entry-Age Cost Method. The Unfunded Actuarial Accrued Liability is to be amortized over 40 years as a level percentage of pay. The actuarial valuation to determine the pension benefit obligation was performed on June 30, 1986, and updated to June 30, 1987. Net assets available to pay pension benefits were valued as of the same time.

A summary of the significant actuarial assumptions used to determine the standardized measure of the pension benefit obligation is listed below:

The discount rate used to determine the present value of the pension benefit obligation was 8.8 percent in Fiscal Year 1987, grading to 7.0 percent in 1990.

A 5.25 percent projected salary increase due to inflation.

Projected salary increases due to merit or seniority are based on length of service, with new employees getting a 5.5 percent increase after one year of service. Additional merit increases grade to zero after six years of service.

A post-retirement benefit increase which is 2 percent of original benefit.

Three-Year Historical Trend Information for the Washington State Patrol Retirement System is presented below:

WASHINGTON STATE PATROL HISTORICAL TREND INFORMATION - FISCAL YEARS 1985 TO 1987

	1987	1986	1985
Net assets available for benefits as a percentage of the pension benefit obligation to the State Patrol employees.....	93.0%	87.2%	80.7%
Unfunded pension benefit obligation as a percentage of the State Patrol's annual covered payroll.....	39.0%	84.8%	115.8%
State contributions to the pension plan as a percentage of the State's annual covered payroll.....	22.6%	22.6%	23.0%

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The Six-Year Historical Trend Information below provides a basis for determining the progress made by the Washington State Patrol Retirement System in accumulating assets to pay the pension benefits as they become due (dollars expressed in millions):

WASHINGTON STATE PATROL HISTORICAL TREND INFORMATION - FISCAL YEARS 1982 TO 1987

	1987	1986	1985	1984	1983	1982
Net Assets Available for Benefits.....	136	120	104	91	86	62
Pension Benefit Obligation.....	147	137	128	130	120	90
Percentage Funded.....	93%	88%	81%	70%	72%	69%
Unfunded Pension Benefit Obligation.....	11	17	24	39	34	28
Annual Covered Payroll.....	28	26	25	24	22	19
Unfunded Benefit Obligation as Percentage of Covered Payroll....	39%	65%	96%	163%	155%	147%

D. Other Retirement Systems

The following retirement systems also provide benefits to employees in the state of Washington: Judicial Retirement System; Volunteer Firemen Retirement System; and Teachers' Insurance and Annuity Association/College Retirement Equity Fund (TIAA/CREF).

The Judicial Retirement System is a Single-Employer Retirement System which was established by the Legislature in 1971. Membership includes judges elected or appointed to the Supreme Court, Court of Appeals, or Superior Court, on or after August 9, 1971. Retirement benefits are financed by employee contributions totaling 7.5 percent of paid compensations, and by employer contributions which are made on a pay-as-you-go basis. These contributions were established by legislative statute. Employees do not earn interest on their contributions, nor can they elect to withdraw their contribution upon termination.

Any member who involuntarily terminates with 12 or more years of credited service and 15 years after beginning judicial service, or voluntarily terminates with 15 or more years of credited service, is vested and shall receive retirement benefits upon attaining age 60. Retirement benefits are 3 percent of the average final compensation for less than 15 years of service and 3.5 percent for more than 15 years of service. Death and disability benefits are also provided.

The latest actuarial valuation date for the Judicial Retirement System was December 31, 1986. Based on that valuation, the total pension benefit obligation was \$52 million, net assets available for benefits were \$1 million, and the unfunded actuarial present value of accumulated plan benefits was \$51 million. The normal cost was developed using the Entry Age Normal Cost Method. The Unfunded Actuarial Accrued Liability is amortized over a period ending June 30, 2025.

The Volunteer Firemen System is a Cost-Sharing Multiple-Employer Retirement System which was created by the Legislature in 1945. Membership in the system requires service with a fire department of an electing municipality of Washington State except those covered by LEOFF. The system is funded through member contributions of \$20 per year; employer contributions of \$10 per year; and 40 percent of the Fire Insurance Premium Tax. Employees do not earn interest on their contributions, however, they may elect to withdraw their contribution upon termination.

The latest/actuarial valuation date was July 1, 1982. As of that date, the total pension benefit obligation was \$29 million, the actuarial value of net assets available for benefits was \$22 million, and the unfunded actuarial present value of accumulated plan benefits was \$7 million.

TIAA/CREF is a Cost-Sharing Multiple-Employer Retirement System and a defined contribution retirement plan. The accumulations as of June 30, 1986 were \$289 million for TIAA, and \$373 million for CREF. The benefits of some retirees are supplemented. Supplements paid by the State during Fiscal Year 1987 were \$4.5 million with an associated unfunded liability of \$44 million.

NOTE 7 - DEFERRED COMPENSATION PLAN

The state of Washington offers its employees, and employees of those political subdivisions that elect to participate, a deferred compensation plan pursuant to RCW 41.04.250, in accordance with Internal Revenue Code Section 457. Under the plan, eligible employees elect to defer a portion of their salary until future time periods. The deferred compensation is not available to employees until termination, retirement, disability, death, or unforeseeable financial emergency.

Compensation deferred under the plan and all income attributable to the plan are solely the property of the State. The State's rights to this property are subject only to the claims of the State's general creditors until paid to the employee or other beneficiary and are not restricted to the benefit provisions under the plan. Political subdivisions electing to participate retain separate property rights.

The rights of State employees under the plan are equal to those of general creditors of the State in an amount equal to the fair market value of the deferred account for each participant.

The Deferred Compensation Committee has fiduciary responsibility for plan assets and has the duty of due care that would be required of an ordinary prudent investor. It is highly unlikely that the State will be required to use the assets to satisfy claims of general creditors in the future.

Of the \$89,415,654 in the plan at June 30, 1987, \$87,707,781 was applicable to the State, while the remaining \$1,707,873 represents the assets of the other jurisdictions participating in the plan. Deferred Compensation Plan investments are recorded at market value, along with the corresponding liability, in the Miscellaneous agency fund.

NOTE 8 - WORKERS' COMPENSATION PROGRAM

The state of Washington requires employers to secure payment of benefits for job-related injuries or diseases either by paying insurance premiums to the Workers' Compensation Fund or by self-insuring. Direct private insurance is not authorized, although self-insurers are permitted to reinsure up to 80 percent of their obligation through private insurers. The laws governing workers' compensation are contained in Chapter 51 RCW. There are five authorized benefit plans; a discussion of each plan follows.

The Accident plan pays compensation directly to injured employees for lost wages during temporary disability and for permanent partial disability awards under specific benefit schedules. This plan pays pension benefits to survivors of fatally injured workers and workers adjudged to be permanently and totally disabled. This plan also pays some related ancillary expenses. Financing is primarily from premiums paid by employers contributing to the Workers' Compensation Fund.

The Medical Aid plan pays benefits to providers of medical services to injured workers. Employers are allowed to withhold half of the medical aid premium from employees' wages.

The Pension Reserve plan pays benefits to all pensioners including self-insured claimants. When a pension is established, the Accident plan deposits the actuarial present value of the pension in the Pension Reserve plan. A self-insurer has the option of making a cash deposit or purchasing a surety bond to guarantee benefit payments; when a bond is purchased, reimbursements coincide with benefit payments.

The Accident, Medical Aid, and Pension Reserve plans are required to be maintained on an actuarially solvent basis, except that a cash flow basis is authorized for the Pension Reserve plan when benefits are guaranteed by a surety bond.

The Supplemental Pension plan pays cost of living increases to pensioners and workers receiving temporary disability benefits. Cost of living increases are based on the increase in the State average wage during the preceding calendar year and are granted in July. This plan is financed on a current basis through assessments to self-insurers and employers contributing to the Workers' Compensation Fund; half of the assessment may be deducted from employees' wages. This plan contains no assets, however, an estimated noncurrent contingent liability of \$2.35 billion is accounted for in the General Long-Term Obligations Account Group. An additional current liability of \$98 million is accounted for in the Human Resources expendable trust fund to the limit of expendable available resources (see Note 3-N, page 38, and Note 3-Q, page 41).

The Second Injury plan makes present value transfers to the Pension Reserve plan where a preexisting disability is a major factor in the claimant's pension status. This plan contains no assets of the Workers' Compensation Fund; however, the Accident and Medical Aid plans include full reserves for these claims. In effect, the Second Injury plan is fully funded provided the Accident and Medical Aid plans are solvent. Most self-insurers secure payment of future benefits by purchasing surety bonds.

The employer assessment rate for the Supplemental Pension and Secondary Injury plans is scheduled each year to provide funds for projected payments.

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NOTE 9 - SUMMARY OF SIGNIFICANT LITIGATION

The state and its agencies are parties to numerous routine legal proceedings which normally occur in governmental operations, but the reoccurring pattern of such litigation is not likely to have a materially adverse effect on the state's financial position. One case previously noted in prior financial statements should again be noted.

In June, 1987, the United States Supreme Court in National Can Corp., et al. v. State of Washington and the companion case of Tyler Pipe v. Washington Department of Revenue, 97 L.Ed.2d 199) invalidated the multiple activities exemption in the State's business and occupation [B&O] tax in an appeal by in and out-of-state manufacturers. That multiple activities exemption relieved local manufacturers selling within Washington from having to pay both the manufacturing and selling gross receipts tax.

In the June, 1987 decision, the United States Supreme Court remanded the case to the Washington State Supreme Court to determine the remedy. That hearing was held before the State Supreme Court on December 1st.

In 1985, the Washington Legislature enacted a credit provision designed to become effective in the event that the challenged business and occupation tax statute should be found unconstitutional. The 1985 amendment allows Washington manufacturers to take credits against their obligations for Washington manufacturing taxes for gross receipts taxes paid elsewhere on sales. In August, 1987, the Legislature extended the credit in response to language in the United States Supreme Court opinion to include out-of-state manufacturers selling within the State.

The Department of Revenue estimated the operation of tax credit will be a reduction of approximately \$42 million from the total estimated business and occupation tax revenues of \$1.7 billion for the 1987-89 biennium.

The court may, in the resolution of the remedies, conclude that the decision of June, 1987, applies prospectively from that date forward in which event there will be no refund for taxes previously paid. Alternatively, the court may conclude that remedies relate only to the period following Armco v. Hardesty, 467 U.S. 638 (June, 1984), which decision precipitated the National Can litigation. There are a variety of possible refund scenarios with the most likely being a utilization of the statutory credits which could range from approximately \$26 million to \$41 million, depending upon which taxpayer classes are included. A full refund of the B&O taxes paid by such taxpayers, which is viewed as the least likely scenario to be ordered by the court, could range from \$277 million to \$484 million.

A decision by the State court is anticipated by the early spring of 1988.

NOTE 10 - SUMMARY OF SUBSEQUENT EVENTS

Bond Issue

The State issued \$188.6 million in new general purpose and motor vehicle fuel tax general obligation bonds on October 1, 1987. These bonds financed the capital project planning, acquisition, and construction or renovation of various waste disposal and water supply facilities, social and health buildings, correctional facilities, a State convention center, and various State and interstate highways.

Market Fluctuation

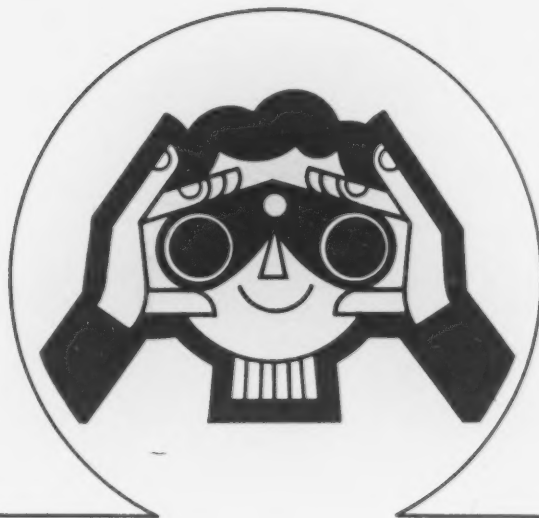
During October 1987, the stock market experienced a sharp decline. Prior to October, the State Investment Board had significantly reduced the exposure in common stocks from 55 percent to 33 percent of total retirement system investments.

As a result of the reduced commitment to common stocks and large positions in fixed income and short-term reserves, the impact of the stock market decline was limited to an unrealized loss in pension fund assets of \$660 million, or 6 percent during the period from September 30, 1987 to November 30, 1987. Also, the market decline has not had an adverse impact on earnings of the funds.

Due to the long-term nature of the funds' liabilities, the investment horizon is long-term and inflation sensitive. Investment policy, therefore, will remain oriented toward equities, recognizing that long-term benefits of equity ownership exceed the negative impact of market declines.

Washington

Combining Financial Section



Washington Landmarks

Q: What mass of ice in Washington is the longest glacier in the continental U. S.?

A: The Emmons Glacier on Mount Rainier, over five miles long.

Q: What structure in Washington is the largest building in the world?

A: The Boeing plant in Everett, with nearly 300,000,000 cubic feet of space.

Q: What is to be found on a cliff overlooking the Columbia River at Maryhill?

A: A replica of Stonehenge.

Q: What Washington structure has the largest self-supporting roof in the world?

A: The Kingdome in Seattle--250 feet from floor to dome.

Q: What is the oldest permanent settlement by whites in Washington?

A: Vancouver, begun in 1825 as an outpost of the Hudson's Bay Company.

Q: What Washington bridge was the first of its kind in the world when it opened in 1939?

A: The Lake Washington Floating Bridge.

Q: When completed in the 1940s, what Washington project was the largest concrete structure ever built?

A: The Grand Coulee Dam--12 city blocks long and as high as a 46-story building.

General Fund

The **General Fund** accounts for all financial resources and transactions not accounted for in another fund. The basic portion is nonrestrictive in use, whereas the restricted portion is earmarked for specific purposes.

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Schedule of Assets, Liabilities, and Fund Balance General Fund June 30, 1987 (expressed in thousands)

	TOTALS			
	BASIC	RESTRICTED	JUNE 30, 1987	JUNE 30, 1986
ASSETS				
Cash and pooled investments.....	\$ 262,143	\$ 95,541	\$ 357,684	\$ 246,285
Investments.....		1,040	1,040	1,099
Taxes receivable (net of allowance)....	589,487	9,026	598,513	570,021
Other receivables (net of allowance)....	32,317	12,617	44,934	151,604
Due from other funds.....	42,522	82,928	125,450	52,089
Due from other governments.....	140,183	12,915	153,098	107,430
Inventories.....	9,666	901	10,567	10,629
Total Assets.....	<u>\$1,076,318</u>	<u>\$ 214,968</u>	<u>\$ 1,291,286</u>	<u>\$ 1,139,157</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES:				
Accounts payable.....	\$ 211,432	\$ 2,769	\$ 214,201	\$ 144,079
Contracts and retainages payable.....	3,902	7,016	10,918	9,916
Accrued liabilities.....	61,898	2,012	63,910	45,329
Due to other funds.....	65,516	79,756	145,272	82,226
Due to other governments.....	4,000	1,647	5,647	49,403
Deferred revenues.....	532,649	13,973	546,622	552,311
Total Liabilities.....	<u>879,397</u>	<u>107,173</u>	<u>986,570</u>	<u>883,264</u>
FUND BALANCE:				
Reserved for:				
Encumbrances				131,429
Inventories.....	9,666	901	10,567	10,629
Restricted accounts		26,025	26,025	55,629
Other specific purposes.....	14,323	80,869	95,192	48,825
Unreserved:				
Undesignated.....	172,932		172,932	9,381
Total Fund Balance.....	<u>196,921</u>	<u>107,795</u>	<u>304,716</u>	<u>255,893</u>
Total Liabilities and Fund Balance.....	<u>\$1,076,318</u>	<u>\$ 214,968</u>	<u>\$ 1,291,286</u>	<u>\$ 1,139,157</u>

STATE OF WASHINGTON

Schedule of Revenues, Expenditures, and Changes in Fund Balance General Fund For the Fiscal Year Ended June 30, 1987 (expressed in thousands)

	TOTALS FOR THE YEAR ENDED			
	BASIC	RESTRICTED	JUNE 30, 1987	JUNE 30, 1986
REVENUES:				
Taxes.....	\$ 4,704,131	\$ 66,085	\$ 4,770,216	\$ 4,458,513
Licenses, permits, and fees.....	39,791	9,735	49,526	40,820
Federal grants-in-aid.....	1,187,061	1,797	1,188,858	1,038,335
Charges for services.....	154,567	525	155,092	157,493
Miscellaneous revenue.....	72,774	83,240	156,014	116,927
Total Revenues.....	6,158,324	161,382	6,319,706	5,812,088
EXPENDITURES:				
Current:				
General government.....	377,526	54,756	432,282	433,945
Human resources.....	2,372,580	9,726	2,382,306	2,070,169
Natural resources and recreation.....	137,004	45,509	182,513	166,466
Transportation.....	18,001	9,208	27,209	22,828
Education.....	3,069,404	18,929	3,088,333	2,923,079
Capital outlays.....	67,845	5,930	73,775	40,631
Debt service:				
Principal.....	2,965	2,383	5,348	3,788
Interest.....	749	435	1,184	1,014
Total Expenditures.....	6,046,074	146,876	6,192,950	5,661,920
Excess of Revenues Over (Under) Expenditures.....	112,250	14,506	126,756	150,168
OTHER FINANCING SOURCES (USES):				
Operating transfers in.....	150,673	25,041	175,714	237,456
Operating transfers out.....	(214,442)	(30,321)	(244,763)	(305,732)
Capital lease acquisitions.....	5,328	8	5,336	1,448
Total Other Financing Sources (Uses)	(58,441)	(5,272)	(63,713)	(66,828)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES.....				
	53,809	9,234	63,043	83,340
FUND BALANCES:				
As previously reported.....	164,169	91,724	255,893	18,470
Restatement.....	(20,231)	6,055	(14,176)	151,052
As restated.....	143,938	97,779	241,717	169,522
Equity transfers (net).....	32	.....	32	420
Changes in inventory reserves.....	(858)	782	(76)	2,611
Ending Fund Balance.....	\$ 196,921	\$ 107,795	\$ 304,716	\$ 255,893

STATE OF WASHINGTON

Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) Budget (Non-GAAP Budgetary Basis) and Actual General Fund For the Biennium Ended June 30, 1987 (expressed in thousands)

	BASIC			RESTRICTED		
	APPROVED BUDGET 1985-87 BIENNIUM	ACTUAL FOR 1985-87 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)	APPROVED BUDGET 1985-87 BIENNIUM	ACTUAL FOR 1985-87 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:						
Taxes.....	\$ 9,183,042	\$ 9,141,613	\$ (41,429)	\$ 116,342	\$ 124,274	\$ 7,932
Licenses, permits, and fees.....	90,874	73,271	(17,603)	15,868	16,659	791
Federal grants-in-aid.....	2,391,542	2,196,831	(194,711)	1,351	1,924	573
Charges for services.....	311,899	307,963	(3,936)	189	811	622
Miscellaneous revenue.....	149,327	122,560	(26,767)	134,927	156,374	21,447
Total Revenues.....	12,126,684	11,842,238	(284,446)	268,677	300,042	31,365
EXPENDITURES:						
Current:						
General government.....	795,835	778,435	17,400	100,887	100,284	603
Human resources.....	4,584,555	4,451,890	132,665	35,949	21,116	14,833
Natural resources and recreation.....	297,579	275,097	22,482	93,852	88,761	5,091
Transportation.....	36,344	34,580	1,764	17,270	16,879	391
Education.....	6,094,894	6,040,437	54,457	26,503	26,194	309
Capital outlays.....	8,380	5,298	3,082	17,359	7,298	10,061
Total Expenditures.....	11,817,587	11,585,737	231,850	291,820	260,532	31,288
Excess of Revenues Over (Under) Expenditures.....	309,097	256,501	(52,596)	(23,143)	39,510	62,653
OTHER FINANCING SOURCES (USES):						
Net operating transfers in (out).....	(277,766)	(156,896)	120,870	23,553	16,746	(6,807)
Total Other Financing Sources (Uses).....	(277,766)	(156,896)	120,870	23,553	16,746	(6,807)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES.....						
	\$ 31,331	\$ 99,605	\$ 68,274	\$ 410	\$ 56,256	\$ 55,846

TOTALS		
APPROVED BUDGET 1985-87 BIENNIUM	ACTUAL FOR 1985-87 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)
\$ 9,299,384	\$ 9,265,887	\$ (33,497)
106,742	89,930	(16,812)
2,392,893	2,198,755	(194,138)
312,088	308,774	(3,314)
284,254	278,934	(5,320)
<u>12,395,361</u>	<u>12,142,280</u>	<u>(253,081)</u>
896,722	878,719	18,003
4,620,504	4,473,006	147,498
391,431	363,858	27,573
53,614	51,459	2,155
6,121,397	6,066,631	54,766
<u>25,739</u>	<u>12,596</u>	<u>13,143</u>
<u>12,109,407</u>	<u>11,846,269</u>	<u>263,138</u>
<u>285,954</u>	<u>296,011</u>	<u>10,057</u>
<u>(254,213)</u>	<u>(140,150)</u>	<u>114,063</u>
<u>(254,213)</u>	<u>(140,150)</u>	<u>114,063</u>
<u>\$ 31,741</u>	<u>\$ 155,861</u>	<u>\$ 124,120</u>



Washington's Wildlife

Q: What animal found only in the pine woods of northeast Washington is North America's smallest mammal?

A: The pygmy shrew, weighing less than four grams.

Q: What Washington town gave its name to a species of crab?

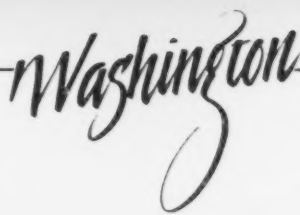
A: Dungeness.

Q: The pelt of what animal motivated the earliest trade between the Pacific Northwest and the Orient?

A: The sea otter, whose fur was greatly prized by the Chinese in the late 1700s.

Q: What Washington river offers the experience of viewing scores of feeding bald eagles?

A: The Skagit River, a wintering area for the birds.



Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources, other than major capital projects or expendable trust funds, that are legally restricted to expenditures for specified purposes. Washington's Special Revenue Funds are described below:

Motor Vehicle Fund revenues are generated from federal transportation agencies, vehicle fuel taxes, and vehicle licenses. This fund accounts for: (1) Washington State Patrol's highway activities; and (2) Department of Transportation's maintenance of noninterstate highways, bridges, transportation improvements, and completion and preservation of the interstate system.

Highway Safety Fund revenues are derived principally from motor vehicle operators. This fund accounts for: (1) Department of Licensing activities relating to drivers' licensing, driver improvement, financial responsibility, and maintenance of driving records; and (2) The operations of the Washington Traffic Safety Commission.

State Game Fund revenues are generated primarily from hunting and fishing licenses. This fund accounts for the Department of Game's protection, propagation, and conservation of wild animals, wild birds, and game fish.

Common School Fund revenues are obtained principally from the sale of timber and investment earnings. This fund accounts for financing of the construction of common school facilities by the State Board of Education.

The **General Government Fund** accounts for administrative and operating expenditures of certain general government agencies.

The **Human Resources Fund** accounts for: (1) Funds provided to local governments for the construction or substantial remodeling of detention and correctional facilities; and (2) Defraying the administrative cost of unemployment compensation by the Department of Employment Security.

The **Natural Resources Fund** primarily accounts for the Department of Ecology's planning, design, acquisition, construction, and improvement of public waste disposal and water supply facilities, and related management systems.

The **Education Fund** primarily accounts for: (1) Grants and contracts received for research and other educational purposes, and to account for dedicated revenue; and (2) Contributions, sales, membership fees, and interest by the Historical Society.

STATE OF WASHINGTON

Combining Balance Sheet Special Revenue Funds June 30, 1987 (expressed in thousands)

	MOTOR VEHICLE	HIGHWAY SAFETY	STATE GAME	COMMON SCHOOL	GENERAL GOVERNMENT
ASSETS					
Cash and pooled investments.....	\$ 162,299	\$ 7,095	\$ 4,556	\$ 34,334	\$ 37,437
Investments.....			2,125		200
Taxes receivable (net of allowance).....	4,683				
Other receivables (net of allowance).....	21,489	114	1,054	11,484	1,397
Due from other funds.....	68,638	725	600	2,248	11,989
Due from other governments.....	46,936	328	2,475		2,188
Inventories.....	12,549	209	136		
Total Assets.....	\$ 316,594	\$ 8,471	\$ 10,946	\$ 48,066	\$ 53,211
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable.....	\$ 39,475	\$ 1,460	\$ 1,174	\$ 49	\$ 1,223
Contracts and retainages payable.....	12,545	62		25,721	1,722
Accrued liabilities.....	9,164	255	814		1,712
Due to other funds.....	26,338		19		572
Due to other governments.....	7,482	73			
Deferred revenues.....	72,592		800	6,856	213
Total Liabilities.....	167,596	1,850	2,807	32,626	5,442
FUND BALANCES:					
Reserved for:					
Encumbrances.....	219		18	15,440	
Inventories.....	12,549	209	136		
Other specific purposes.....	81		2,147		248
Unreserved:					
Designated for other specific purposes.....					
Undesignated.....	136,149	6,412	5,838		47,521
Total Fund Balances.....	148,998	6,621	8,139	15,440	47,769
Total Liabilities and Fund Balances.....	\$ 316,594	\$ 8,471	\$ 10,946	\$ 48,066	\$ 53,211

HUMAN RESOURCES	NATURAL RESOURCES	EDUCATION	TOTALS	
			JUNE 30, 1987	JUNE 30, 1986
\$ 23,818	\$ 125,624	\$ 115,422	\$ 510,585	\$ 435,377
.....	125	4,480	6,930	5,890
3,301	2,151	.....	10,135	5,447
128	5,017	28,916	69,599	74,961
2,185	8,812	23,141	118,338	109,211
450	12,322	19,327	84,026	82,675
.....	.....	4,675	17,569	19,163
<u>\$ 29,882</u>	<u>\$ 154,051</u>	<u>\$ 195,961</u>	<u>\$ 817,182</u>	<u>\$ 732,724</u>
\$ 1,485	\$ 2,704	\$ 16,982	\$ 64,552	\$ 64,676
57	4,543	315	44,965	52,192
2,707	898	27,327	43,077	37,729
557	2,352	14,621	44,459	34,231
2	13,886	2,871	24,314	16,086
.....	13,354	26,436	120,251	110,579
4,808	37,737	88,752	341,618	315,493
434	23	60	16,194	97,045
.....	.....	4,675	17,569	19,163
15	139	5,390	8,020	8,240
.....	.....	54,754	54,754	11,688
24,625	116,152	42,330	379,027	281,095
25,074	116,314	107,209	475,564	417,231
<u>\$ 29,882</u>	<u>\$ 154,051</u>	<u>\$ 195,961</u>	<u>\$ 817,182</u>	<u>\$ 732,724</u>

STATE OF WASHINGTON

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Special Revenue Funds For the Fiscal Year Ended June 30, 1987 (expressed in thousands)

	MOTOR VEHICLE	HIGHWAY SAFETY	STATE GAME	COMMON SCHOOL	GENERAL GOVERNMENT
REVENUES:					
Taxes.....	\$ 467,429	\$.....	\$ 43	\$.....	\$ 11,255
Licenses, permits, and fees.....	139,496	13,797	20,037	.....	16,055
Federal grants-in-aid.....	339,457	3,499	8,976	394	160
Charges for services.....	1,539	.....	25	.....	11,925
Miscellaneous revenue.....	21,248	6,538	2,603	57,957	12,251
Total Revenues.....	969,169	23,834	31,684	58,351	51,646
EXPENDITURES:					
Current:					
General government.....	132,186	.....	.....	.....	46,489
Human resources.....	.....	.....	.....	.....	7,959
Natural resources and recreation....	1,084	.....	26,326	.....	3,094
Transportation.....	423,545	21,432	175	.....	4,924
Education.....	.....	.....	.....	369	265
Capital outlays.....	379,982	1,610	2,206	72,102	1,401
Debt service:					
Principal.....	574	44	96	49	54
Interest.....	92	9	4	1	8
Total Expenditures.....	937,463	23,095	28,807	72,521	64,194
Excess of Revenues Over (Under) Expenditures.....	31,706	739	2,877	(14,170)	(12,548)
OTHER FINANCING SOURCES (USES):					
Bond sale proceeds.....	127,400	.....	.....	.....	.....
Proceeds of refunding bonds.....	.....	.....	.....	.....	.....
Payment to refunded bond escrow agent.....	.....	.....	.....	.....	.....
Operating transfers in.....	7,685	224	.....	6,063	21,344
Operating transfers out.....	(95,996)	(1,249)	(1,104)	(6,660)	(11,464)
Capital lease acquisitions.....	575	.....	226	.....	.....
Total Other Financing Sources (Uses)	39,664	(1,025)	(878)	(597)	9,880
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES.....					
	71,370	(286)	1,999	(14,767)	(2,668)
FUND BALANCES:					
As previously reported.....	85,004	7,099	6,154	24,046	50,527
Restatement.....	(5,168)	.....	.....	6,161	(90)
As restated.....	79,836	7,099	6,154	30,207	50,437
Equity transfers (net).....	.....	.....	.....	.....	.....
Changes in inventory reserves.....	(2,208)	(192)	(14)	.....	.....
Ending Fund Balance.....	\$ 148,998	\$ 6,621	\$ 8,139	\$ 15,440	\$ 47,769

HUMAN RESOURCES	NATURAL RESOURCES	HIGHER EDUCATION	TOTALS FOR THE YEAR ENDED	
			JUNE 30, 1987	JUNE 30, 1986
\$.....	\$	\$.....	\$	\$
6,887	42,456	521,183	445,687	
49,453	13,695	209,967	187,766	
1,059	4,194	641,590	645,418	
20,149	665	97,050	112,263	88,771
	19,921	93,647	234,314	263,700
77,548	80,931	426,154	1,719,317	1,631,342
.....	137	.....	178,812	171,045
72,359	11,587	.....	91,905	90,097
490	109,922	.....	140,916	128,126
.....	76	.....	450,152	432,670
.....	.....	381,335	381,969	342,679
1,748	5,747	30,173	494,969	493,455
9	1	1,795	2,622	3,485
2	.....	629	745	629
74,608	127,470	413,932	1,742,090	1,662,186
2,940	(46,539)	12,222	(22,773)	(30,844)
5,000	32,000	.....	164,400	206,861
.....				
83	.....	73,634	109,033	28,975
(3,195)	(202)	(80,410)	(200,280)	(112,709)
36	.....	67	904	150
1,924	31,798	(6,709)	74,057	123,277
4,864	(14,741)	5,513	51,284	92,433
20,484	123,005	100,912	417,231	241,762
(274)	8,050	(7)	8,672	82,650
20,210	131,055	100,905	425,903	324,412
.....	.....	65	65	290
.....	.....	726	(1,688)	96
\$ 25,074	\$ 116,314	\$ 107,209	\$ 475,564	\$ 417,231

STATE OF WASHINGTON

Combining Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) Budget (Non-GAAP Budgetary Basis) and Actual Special Revenue Funds For the Biennium Ended June 30, 1987 (expressed in thousands)

	MOTOR VEHICLE			HIGHWAY SAFETY		
	APPROVED BUDGET 1985-87 BIENNIUM	ACTUAL FOR 1985-87 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)	APPROVED BUDGET 1985-87 BIENNIUM	ACTUAL FOR 1985-87 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:						
Taxes.....	\$ 898,620	\$ 881,120	\$ (17,500)	\$.....	\$.....	\$.....
Licenses, permits, and fees.....	261,570	269,263	7,693	26,657	27,123	466
Federal grants-in-aid.....	697,604	699,748	2,144	5,922	6,424	502
Charges for services.....	4,214	2,656	(1,558)	.....	.....	.....
Miscellaneous revenue.....	34,308	43,740	9,432	12,000	12,779	779
Total Revenues.....	1,896,316	1,896,527	211	44,579	46,326	1,747
EXPENDITURES:						
Current:						
General government.....	265,752	261,709	4,043	.....	.....	.....
Human resources.....	.....	.....	.....	6,131	.....	6,131
Natural resources and recreation.....	1,579	1,574	5	.....	.....	.....
Transportation.....	587,038	540,058	46,980	39,374	43,842	(4,468)
Education.....	.....	.....	.....	.....	.....	.....
Capital outlays.....	1,151,803	1,062,687	89,116	.....	.....	.....
Total Expenditures.....	2,006,172	1,866,028	140,144	45,505	43,842	1,663
Excess of Revenues Over (Under) Expenditures.....	(109,856)	30,499	140,355	(926)	2,484	3,410
OTHER FINANCING SOURCES (USES):						
Bond sale proceeds.....	187,000	176,447	(10,553)	.....	.....	.....
Net operating transfers in (out).....	9,944	(171,871)	(181,815)	.....	(1,666)	(1,666)
Total Other Financing Sources (Uses).....	196,944	4,576	(192,368)	0	(1,666)	(1,666)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES.....						
	\$ 87,088	\$ 35,075	\$ (52,013)	\$ (926)	\$ 818	\$ 1,744

STATE GAME			COMMON SCHOOL			GENERAL GOVERNMENT		
APPROVED BUDGET 1985-87 BIENNIUM	ACTUAL FOR 1985-87 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)	APPROVED BUDGET 1985-87 BIENNIUM	ACTUAL FOR 1985-87 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)	APPROVED BUDGET 1985-87 BIENNIUM	ACTUAL FOR 1985-87 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)
\$ 100	\$ 81	\$ (19)	\$	\$	\$	\$ 21,874	\$ 22,227	\$ 353
38,837	38,998	161	.....	.....	.....	30,553	30,925	372
14,103	14,085	(18)	1,586	809	(777)	1,032	336	(696)
.....	30	30	.....	.....	.....	453	18,362	17,909
5,994	6,337	343	144,492	135,508	(8,984)	65,557	30,984	(34,573)
59,034	59,531	497	146,078	136,317	(9,761)	119,469	102,834	(16,635)
53	53	0	.....	.....	.....	90,504	89,443	1,061
.....	.....	.....	.....	.....	.....	10,630	10,550	80
51,213	53,652	(2,439)	.....	.....	.....	2,334	3,642	(1,308)
365	300	65	.....	.....	.....	12,907	6,377	6,530
.....	.....	.....	.....	.....	.....	357	338	19
2,213	2,464	(251)	180,013	144,023	35,990	.....	.....	.....
53,844	56,469	(2,625)	180,013	144,023	35,990	116,732	110,350	6,382
5,190	3,062	(2,128)	(33,935)	(7,706)	26,229	2,737	(7,516)	(10,253)
.....	.....	.....	40,000	39,514	(486)	.....	.....	.....
(1,714)	(1,657)	57	(6,876)	(5,260)	1,616	(1,286)	15,121	16,407
(1,714)	(1,657)	57	33,124	34,254	1,130	(1,286)	15,121	16,407
<u>\$ 3,476</u>	<u>\$ 1,405</u>	<u>\$ (2,071)</u>	<u>\$ (811)</u>	<u>\$ 26,548</u>	<u>\$ 27,359</u>	<u>\$ 1,451</u>	<u>\$ 7,605</u>	<u>\$ 6,154</u>

STATE OF WASHINGTON

Combining Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) Budget (Non-GAAP Budgetary Basis) and Actual - Continued Special Revenue Funds For the Biennium Ended June 30, 1987 (expressed in thousands)

	HUMAN RESOURCES			NATURAL RESOURCES		
	APPROVED BUDGET 1985-87 BIENNIUM	ACTUAL FOR 1985-87 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)	APPROVED BUDGET 1985-87 BIENNIUM	ACTUAL FOR 1985-87 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:						
Taxes.....	\$.....	\$.....	\$.....	\$ 53,489	\$ 58,540	\$ 5,051
Licenses, permits, and fees.....	12,896	12,253	(643)	35,139	24,780	(10,359)
Federal grants-in-aid.....	107,421	100,508	(6,913)	10,044	6,566	(3,478)
Charges for services.....	1,231	943	(288)	.....	1,059	1,059
Miscellaneous revenue.....	11,393	28,660	17,267	24,259	63,476	39,217
Total Revenues.....	132,941	142,364	9,423	122,931	154,421	31,490
EXPENDITURES:						
Current:						
General government.....	.....	.....	.....	150	137	13
Human resources.....	161,453	154,340	7,113	51,631	17,342	34,289
Natural resources and recreation.....	750	506	244	504,481	213,570	290,911
Transportation.....	.....	.....	.....	175	128	47
Education.....	1	.....	1	.....	.....	.....
Capital outlays.....	4,385	3,310	1,075	8,638	5,955	2,683
Total Expenditures.....	166,589	158,156	8,433	565,075	237,132	327,943
Excess of Revenues Over (Under) Expenditures.....	(33,648)	(15,792)	17,856	(442,144)	(82,711)	359,433
OTHER FINANCING SOURCES (USES):						
Bond sale proceeds.....	33,300	38,300	5,000	479,355	117,000	(362,355)
Net operating transfers in (out).....	(302)	(2,465)	(2,163)	(189)	(72)	117
Total Other Financing Sources (Uses).....	32,998	35,835	2,837	479,166	116,928	(362,238)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES.....						
	\$ (650)	\$ 20,043	\$ 20,693	\$ 37,022	\$ 34,217	\$ (2,805)

EDUCATION			TOTALS		
APPROVED BUDGET 1985-87 BIENNIUM	ACTUAL FOR 1985-87 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)	APPROVED BUDGET 1985-87 BIENNIUM	ACTUAL FOR 1985-87 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)
\$.....	\$.....	\$.....	\$ 974,083	\$ 961,968	\$ (12,115)
.....	.....	.....	405,652	403,342	(2,310)
483,758	461,371	(22,387)	1,321,470	1,289,847	(31,623)
364,891	176,585	(188,306)	370,789	199,635	(171,154)
154,252	191,328	37,076	452,255	512,812	60,557
<u>1,002,901</u>	<u>829,284</u>	<u>(173,617)</u>	<u>3,524,249</u>	<u>3,367,604</u>	<u>(156,645)</u>
.....	.....	.....	356,459	351,342	5,117
.....	42	(42)	229,845	182,274	47,571
.....	.....	.....	560,357	272,944	287,413
.....	.....	.....	639,859	590,705	49,154
929,717	781,113	148,604	930,075	781,451	148,624
<u>8,147</u>	<u>6,817</u>	<u>1,330</u>	<u>1,355,199</u>	<u>1,225,256</u>	<u>129,943</u>
<u>937,864</u>	<u>787,972</u>	<u>149,892</u>	<u>4,071,794</u>	<u>3,403,972</u>	<u>667,822</u>
65,037	41,312	(23,725)	(547,545)	(36,368)	511,177
.....	.....	.....	739,655	371,261	(368,394)
(44,020)	(7,465)	36,555	(44,443)	(175,335)	(130,892)
(44,020)	(7,465)	36,555	695,212	195,926	(499,286)
<u>\$ 21,017</u>	<u>\$ 33,847</u>	<u>\$ 12,830</u>	<u>\$ 147,667</u>	<u>\$ 159,558</u>	<u>\$ 11,891</u>



Famous Washingtonians

Q: What graduate of Whitman College did Franklin Roosevelt appoint in 1937 to regulate the stock market?

A: William O. Douglas, named chairman of the SEC.

Q: What noted newscaster worked as an announcer at KIRO radio for \$15 a month during the 1930s?

A: Chet Huntley.

Q: What Washingtonian was the first American to climb to the summit of Mt. Everest?

A: Jim Whittaker in 1963.

Q: What well-known Washington businessman began his career as a tennis-racket stringer?

A: Eddie Bauer, who won a national contest for his speed at stringing rackets.

Q: During World War II, what death-defying teenage marine from South Bend became the youngest American to win the Congressional Medal of Honor?

A: Bob Bush, for heroism at Okinawa.

Q: What Des Moines resident was the first recipient of an artificial heart?

A: Barney Clark.

Debt Service Funds

Debt Service Funds account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. A brief description of each Debt Service Fund follows:

Transportation Fund revenue is derived principally from the motor vehicle fuel tax. This fund accounts for the accumulation of resources and payment of highway and ferry bond principal and interest.

The **Other Fund** is used for the accumulation of resources for, and the payment of, all other general long-term debt principal and interest.

STATE OF WASHINGTON

Combining Balance Sheet Debt Service Funds June 30, 1987 (expressed in thousands)

			TOTALS	
	TRANSPORTATION	OTHER	JUNE 30, 1987	JUNE 30, 1986
ASSETS				
Cash and pooled investments.....	\$ 35,930	\$ 21,141	\$ 57,071	\$ 58,882
Investments.....		7,006	7,006	
Other receivables (net of allowance)....		531	531	85
Due from other funds.....	1,811	4,246	6,057	9,968
Total Assets.....	\$ 37,741	\$ 32,924	\$ 70,665	\$ 68,935
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Contracts and retainages payable.....	\$	\$ 1,532	\$ 1,532	\$ 1,536
Accrued liabilities.....	587	33	620	2,859
Due to other funds.....		249	249	
Deferred revenues.....				28
Total Liabilities.....	587	1,814	2,401	4,423
FUND BALANCES:				
Unreserved:				
Designated for debt service.....	37,154	31,110	68,264	64,512
Total Fund Balances.....	37,154	31,110	68,264	64,512
Total Liabilities and Fund Balances.....	\$ 37,741	\$ 32,924	\$ 70,665	\$ 68,935

STATE OF WASHINGTON

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Debt Service Fund For the Fiscal Year Ended June 30, 1987 (expressed in thousands)

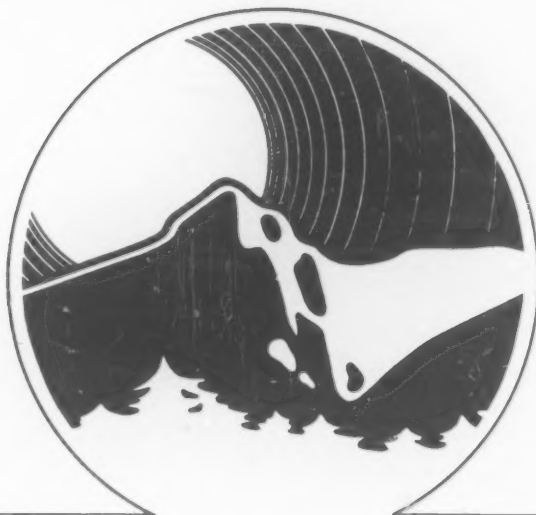
	TRANSPOR- TATION	OTHER	TOTALS FOR THE YEAR ENDED	
			JUNE 30, 1987	JUNE 30, 1986
REVENUES:				
Federal grants-in-aid.....	\$.....	\$ 164	\$ 164	\$ 164
Miscellaneous revenue.....	1,811	17,878	19,689	32,524
Total Revenues.....	1,811	18,042	19,853	32,688
EXPENDITURES:				
Debt service:				
Principal.....	27,158	76,373	103,531	79,570
Interest.....	50,336	147,116	197,452	206,899
				812,721
Total Expenditures.....	77,494	223,489	300,983	1,099,190
Excess of Revenues Over (Under) Expenditures.....	(75,683)	(205,447)	(281,130)	(1,066,502)
OTHER FINANCING SOURCES (USES):				
Proceeds of refunding bonds.....	90,791	79,840	170,631	811,141
Payment to refunded bond escrow agent (90,640)		(79,700)	(170,340)	.....
Operating transfers in.....	78,653	219,870	298,523	314,612
Operating transfers out.....		(13,900)	(13,900)	(50,317)
Total Other Financing Sources (Uses)	78,804	206,110	284,914	1,075,436
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES.....				
	3,121	663	3,784	8,934
FUND BALANCES:				
As previously reported.....	34,033	30,479	64,512	55,820
Restatement.....				170
As restated.....	34,033	30,479	64,512	55,990
Equity transfers (net).....		(32)	(32)	(412)
Ending Fund Balance.....	\$ 37,154	\$ 31,110	\$ 68,264	\$ 64,512

STATE OF WASHINGTON

Combining Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) Budget (Non-GAAP Budgetary Basis) and Actual Debt Service Funds For the Biennium Ended June 30, 1987 (expressed in thousands)

	TRANSPORTATION			OTHER		
	APPROVED BUDGET 1985-87 BIENNIUM	ACTUAL FOR 1985-87 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)	APPROVED BUDGET 1985-87 BIENNIUM	ACTUAL FOR 1985-87 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:						
Federal grants-in-aid.....	\$.....	\$.....	\$.....	\$.....	\$ 328	\$ 328
Miscellaneous revenue.....		3,640	3,640	23,311	48,775	25,464
Total Revenues.....	0	3,640	3,640	23,311	49,103	25,792
EXPENDITURES:						
Debt service.....	147,379	153,070	(5,691)	445,845	434,382	11,463
Total Expenditures.....	147,379	153,070	(5,691)	445,845	434,382	11,463
Excess of Revenues Over (Under) Expenditures.....	(147,379)	(149,430)	(2,051)	(422,534)	(385,279)	37,255
OTHER FINANCING SOURCES (USES):						
Proceeds of refunding bonds.....	254,600	254,600	0	727,172	727,172	0
Payment to refunded bond escrow agent..	(257,033)	(257,033)	0	(726,029)	(726,029)	0
Net operating transfers in (out).....	149,812	157,566	7,754	421,391	391,354	(30,037)
Total Other Financing Sources (Uses).....	147,379	155,133	7,754	422,534	392,497	(30,037)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES.....						
	\$ 0	\$ 5,703	\$ 5,703	\$ 0	\$ 7,218	\$ 7,218

TOTALS		
APPROVED BUDGET 1985-87 BIENNIUM	ACTUAL FOR 1985-87 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)
\$ 0	\$ 328	\$ 328
23,311	52,415	29,104
23,311	52,743	29,432
593,224	587,452	5,772
593,224	587,452	5,772
(569,913)	(534,709)	35,204
981,772	981,772	0
(983,062)	(983,062)	0
571,203	548,920	(22,283)
569,913	547,630	(22,283)
\$ 0	\$ 12,921	\$ 12,921



Washington's Mountains

Q: Mt. Rainier is, of course, Washington's highest mountain. What is the second highest?

A: Mt. Adams, at 12,307 feet.

Q: Give the date and time when Mt. St. Helens had its famous eruption.

A: May 18, 1980, at 8:32 a.m.

Q: Name the mountain range that rises in Washington's southeast corner.

A: The Blue Mountains.

Q: How much shorter was the summit of Mt. St. Helens after its 1980 eruption?

A: 1,313 feet shorter (from 9,677 to 8,384 feet).

Q: What is the highest peak in the Olympic Mountains?

A: Mount Olympus--7,954 feet.

Q: To the nearest foot, how high is Mount Rainier?

A: 14,410 feet.

Capital Projects Fund

Capital Projects Funds account for financial resources to be used for acquisition, construction, or improvement of major capital facilities (other than those financed by Proprietary Funds and similar trust funds). A brief description of Washington's Capital Projects Funds follows:

The **General Government Fund** accounts for the construction and remodeling of public buildings.

The **Human Resources Fund** accounts for the construction, remodeling, and equipping of social and health services facilities.

The **Natural Resources Fund** accounts for the acquisition, construction, and remodeling of salmon hatcheries and other fisheries facilities.

The **Education Fund** accounts for the acquisition, construction, and remodeling of higher education facilities.

STATE OF WASHINGTON

Combining Balance Sheet Capital Projects Funds June 30, 1987 (expressed in thousands)

	GENERAL GOVERNMENT	HUMAN RESOURCES	NATURAL RESOURCES	EDUCATION	TOTALS	
					JUNE 30, 1987	JUNE 30, 1986
ASSETS						
Cash and pooled investments.....	\$ 31,401	\$ 12,336	\$ 394	\$ 43,736	\$ 87,867	\$ 84,475
Investments.....				2,527	2,527	218
Other receivables (net of allowance)....	1,274	30	10	549	1,863	905
Due from other funds.....	559	53	22	6,968	7,602	2,830
Due from other governments.....	800				800	25
Total Assets.....	\$ 34,034	\$ 12,419	\$ 426	\$ 53,780	\$ 100,659	\$ 88,453
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts payable.....	\$ 3,006	\$ 1,344	\$ 77	\$ 6,955	\$ 11,382	\$ 6,727
Contracts and retainages payable.....	2,098	1,750		1,458	5,306	4,675
Accrued liabilities.....	34	11		22	67	141
Due to other funds.....	1,354	3	41	24,246	25,644	22,008
Due to other governments.....	88				88	
Deferred revenues.....	612	28		3	643	514
Total Liabilities.....	7,192	3,136	118	32,684	43,130	34,065
FUND BALANCES:						
Reserved for:						
Encumbrances	5,148	7,439	39	1,478	14,104	17,761
Other specific purposes.....				2,526	2,526	218
Unreserved:						
Designated for other specific purposes.....	21,694	1,844	269	17,092	40,899	36,409
Total Fund Balances.....	26,842	9,283	308	21,096	57,529	54,388
Total Liabilities and Fund Balances.....	\$ 34,034	\$ 12,419	\$ 426	\$ 53,780	\$ 100,659	\$ 88,453

STATE OF WASHINGTON

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Capital Projects Funds For the Fiscal Year Ended June 30, 1987 (expressed in thousands)

	GENERAL GOVERNMENT	HUMAN RESOURCES	NATURAL RESOURCES	EDUCATION	TOTALS FOR THE YEAR ENDED	
					JUNE 30, 1987	JUNE 30, 1986
REVENUES:						
Federal grants-in-aid.....	\$ 1	\$.....	\$.....	\$ 577	\$ 578	\$ 120
Charges for services.....	.....	.....	.....	15,180	15,180	15,176
Miscellaneous revenue.....	5,232	183	20	1,235	6,670	20,901
Total Revenues.....	5,233	183	20	16,992	22,428	36,197
EXPENDITURES:						
Current:						
General government.....	7	.....	.....	.....	7	.....
Human resources.....	4,494	197	.....	(8)	4,683	1,030
Natural resources and recreation.....	3,348	.....	2,063	.....	5,411	11,886
Transportation.....	121	.....	.....	.....	121	312
Education.....	2,646	.....	.....	10,856	13,502	2,280
Capital outlays.....	42,671	14,560	1,568	60,700	119,499	77,901
Debt service:						
Principal.....	.....	.....	.....	8	8	.....
Interest.....	4	.....	.....	452	456	702
Total Expenditures.....	53,291	14,757	3,631	72,008	143,687	94,111
Excess of Revenues Over (Under) Expenditures.....	(48,058)	(14,574)	(3,611)	(55,016)	(121,259)	(57,914)
OTHER FINANCING SOURCES (USES):						
Bond sale proceeds.....	55,000	20,660	4,200	37,000	116,860	99,476
Operating transfers in.....	.....	.....	.....	59,067	59,067	61,003
Operating transfers out.....	(538)	.....	(40)	(46,687)	(47,265)	(67,615)
Capital lease acquisitions.....	.....	.....	.....	90	90	.....
Total Other Financing Sources (Uses)	54,462	20,660	4,160	49,470	128,752	92,864
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES.....						
	6,404	6,086	549	(5,546)	7,493	34,950
FUND BALANCES:						
As previously reported.....	20,438	3,197	(241)	30,994	54,388	37,501
Restatement.....	.....	.....	.....	(4,352)	(4,352)	(18,061)
As restated.....	20,438	3,197	(241)	26,642	50,036	19,440
Equity transfers (net).....	.....	.....	.....	.....	.....	(2)
Ending Fund Balance.....	\$ 26,842	\$ 9,283	\$ 308	\$ 21,096	\$ 57,529	\$ 54,388

STATE OF WASHINGTON

Combining Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) Budget (Non-GAAP Budgetary Basis) and Actual Capital Projects Funds For the Biennium Ended June 30, 1987 (expressed in thousands)

	GENERAL GOVERNMENT			HUMAN RESOURCES		
	APPROVED BUDGET 1985-87 BIENNIUM	ACTUAL FOR 1985-87 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)	APPROVED BUDGET 1985-87 BIENNIUM	ACTUAL FOR 1985-87 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:						
Federal grants-in-aid.....	\$.....	\$ 1	\$ 1	\$.....	\$.....	\$.....
Charges for services.....	.....	.....	.....	.....	.....	.....
Miscellaneous revenue.....	8,315	15,679	7,364	.....	191	191
Total Revenues.....	8,315	15,680	7,365	0	191	191
EXPENDITURES:						
Current:						
Natural resources and recreation.....	.....	2,472	(2,472)	.....	.....	.....
Transportation.....	2,120	873	1,247	.....	.....	.....
Education.....	.....	.....	.....	.....	.....	.....
Capital outlays.....	133,317	70,523	62,794	62,790	46,272	16,518
Total Expenditures.....	135,437	73,868	61,569	62,790	46,272	16,518
Excess of Revenues Over (Under) Expenditures.....	(127,122)	(58,188)	68,934	(62,790)	(46,081)	16,709
OTHER FINANCING SOURCES (USES):						
Bond sale proceeds.....	134,600	80,881	(53,719)	98,616	68,085	(30,531)
Net operating transfers in (out).....	(452)	(1,674)	(1,222)	.....	(61)	(61)
Total Other Financing Sources (Uses).....	134,148	79,207	(54,941)	98,616	68,024	(30,592)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES.....						
	\$ 7,026	\$ 21,019	\$ 13,993	\$ 35,826	\$ 21,943	\$ (13,883)

NATURAL RESOURCES			EDUCATION			TOTALS		
APPROVED BUDGET 1985-87 BIENNIUM	ACTUAL FOR 1985-87 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)	APPROVED BUDGET 1985-87 BIENNIUM	ACTUAL FOR 1985-87 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)	APPROVED BUDGET 1985-87 BIENNIUM	ACTUAL FOR 1985-87 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)
\$.....	\$.....	\$.....	\$ 498	\$ 696	\$ 198	\$ 498	\$ 697	\$ 199
.....	.....	.....	29,874	30,057	183	29,874	30,057	183
.....	20	20	15,422	12,676	(2,746)	23,737	28,566	4,829
0	20	20	45,794	43,429	(2,365)	54,109	59,320	5,211
.....	.....	.....	.....	.....	.....	0	2,472	(2,472)
.....	.....	.....	.....	.....	.....	2,120	873	1,247
.....	.....	.....	.....	1,135	(1,135)	0	1,135	(1,135)
7,257	6,268	989	250,745	112,169	138,576	454,109	235,232	218,877
7,257	6,268	989	250,745	113,304	137,441	456,229	239,712	216,517
(7,257)	(6,248)	1,009	(204,951)	(69,875)	135,076	(402,120)	(180,392)	221,728
6,461	4,200	(2,261)	100,629	63,170	(37,459)	340,306	216,336	(123,970)
.....	(7)	(7)	64,496	6,972	(57,524)	64,044	5,230	(58,814)
6,461	4,193	(2,268)	165,125	70,142	(94,983)	404,350	221,566	(182,784)
\$ (796)	\$ (2,055)	\$ (1,259)	\$ (39,826)	\$ 267	\$ 40,093	\$ 2,230	\$ 41,174	\$ 38,944



Washington's Entertainers

Q: What Seattle-born vaudeville performer caused a sensation by nightly tossing her garter belt into the orchestra pit at the Ziegfield Follies?

A: Gypsy Rose Lee.

Q: What Washington native was a smash hit on Broadway as the female lead in *Hello Dolly*?

A: Carol Channing.

Q: What actor from Walla Walla played the caped crusader, Batman, on the TV series?

A: Adam West.

Q: What character did Ruth Prins play on a classic Washington children's TV show?

A: Wunda Wunda.

Q: What Washington native starred as a relentless reporter in the thriller *The Night Stalker*?

A: Darren McGavin.

Q: What Seattle-born folksinger won a 1968 Grammy award for "Both Sides Now"?

A: Judy Collins.



Enterprise Funds

Enterprise Funds account for State operations: (a) that are financed and operated in a manner similar to private business enterprises where the State's intent is that the cost of providing goods and/or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. A brief description of each Enterprise Fund follows:

The **Liquor Fund** is used by the Liquor Control Board to account for the operation of State liquor stores and warehouses, administrative costs, and distribution of net proceeds.

The **Workers' Compensation Fund** is used by the Department of Labor and Industries to account for and assure the solvency of benefit payments to qualifying individuals sustaining work related injuries.

The **Convention and Trade Fund** is used by the State Convention and Trade Center to account for the acquisition, design, construction, promotion, and operation of the State Convention and Trade Center.

The **Lottery Fund** is used by the Lottery Commission to account for ticket revenues, administrative and operating expenses of the Lottery Commission, and the distribution of revenue to the General Fund.

The **Institutional Fund** accounts for the enterprise activities (industries) carried out through vocational/education programs at the correctional institutions.

The **Natural Resources Fund** accounts for the financial activities of the State tree nursery, receipts from users of access roads as payment for costs of maintaining access to public lands or State forest lands, and for surveillance and/or maintenance of radioactive materials held for waste management purposes at any public or privately operated facility located within the State.

The **Transportation Fund** is used by the Department of Transportation to account for all revenue and payment of all operating costs of the State ferry system, to allocate financial resources to certain accounts required to be maintained by bond resolution or statute, and to account for the revenues, maintenance, and operations of the Spokane River Toll Bridge.

The **Higher Education Fund** is used by colleges and universities principally for bookstore, cafeteria, parking, student housing, and food service business enterprise activities.

The **Other Activities Fund** accounts for: (1) The operation of the Washington Library Network Computer System; and (2) The production and sale of statute law publications and official reports of the Supreme Court and Court of Appeals.

STATE OF WASHINGTON

Combining Balance Sheet Enterprise Funds June 30, 1987 (expressed in thousands)

	LIQUOR	WORKERS' COMPENSATION	CONVENTION AND TRADE	LOTTERY	INSTITU- TIONAL	NATURAL RESOURCES
ASSETS						
CURRENT ASSETS:						
Cash and pooled investments.....	\$ 4,368	\$ 10,598	\$ 3,211	\$ 11,278	\$ 799	\$ 15,221
Taxes receivable (net of allowance)....	2,113	.....	.....	.....	.....	.....
Other receivables (net of allowance)....	144	220,511	21,940	5,451	712	8
Due from other funds.....	789	3,054	1,921	477	275	854
Due from other governments.....	104	.....	.....	.....	65	.....
Inventories.....	40,724	247	.....	362	2,471	.....
Prepaid expenses.....	9	1	.....	58	3	.....
Total Current Assets.....	48,251	234,411	27,072	17,626	4,325	16,083
OTHER ASSETS:						
Investments, noncurrent.....	.....	2,794,978	.....	51,355	.....	.....
Other nonfixed assets.....	.....	.....	7,271	.....	.....	.....
Total Other Assets.....	.....	2,794,978	7,271	51,355	.....	.....
FIXED ASSETS:						
Land.....	177	298	6,284	.....	.....	.....
Buildings.....	1,891	3,099	.....	.....	574	645
Other improvements and miscellaneous....	111	.....	.....	404	598	.....
Machinery and equipment.....	10,561	16,595	932	1,883	2,189	13
Accumulated depreciation.....	(8,906)	(5,180)	(49)	(1,261)	(2,103)	(90)
Construction in progress.....	.....	.....	121,630	.....	50	.....
Total Fixed Assets.....	3,834	14,812	128,797	1,026	1,308	568
Total Assets.....	\$ 52,085	\$ 3,044,201	\$ 163,140	\$ 70,007	\$ 5,633	\$ 16,651
LIABILITIES AND FUND EQUITY						
CURRENT LIABILITIES:						
Accounts payable.....	\$ 18,493	\$ 3,241	\$ 4,782	\$ 421	\$ 601	\$ 38
Contracts and retainages payable.....	100	27,743	1,158	1	.....	.....
Accrued liabilities.....	2,939	5,279	3,538	14,110	240	66
Matured bonds payable.....	.....	.....	.....	.....	.....	.....
Due to other funds.....	.....	2,547	.....	4,774	51	30
Deferred revenues.....	5,780	.....	.....	.....	2	.....
Current workers' comp benefits payable..	.....	399,457	.....	.....	.....	.....
Total Current Liabilities.....	27,312	438,267	9,478	19,306	894	134
LONG-TERM LIABILITIES:						
Long-term workers' comp benefits payable	.....	2,358,471	.....	.....	.....	.....
Bonds payable.....	.....	.....	99,000	.....	.....	.....
Other long-term obligations.....	.....	1,545	3,103	47,845	12	.....
Total Long-term Liabilities.....	.....	2,360,016	102,103	47,845	12	.....
Total Liabilities.....	27,312	2,798,283	111,581	67,151	906	134
FUND EQUITY:						
Unrealized gain on investments.....	.....	59,800	.....	.....	.....	.....
Contributed capital.....	.....	23	.....	.....	2,967	.....
Retained earnings:	.....	.....	.....	.....	.....	.....
Reserved.....	.....	.....	.....	.....	.....	.....
Unreserved.....	24,773	186,095	51,559	2,856	1,760	16,517
Total Fund Equity.....	24,773	245,918	51,559	2,856	4,727	16,517
Total Liabilities and Fund Equity.....	\$ 52,085	\$ 3,044,201	\$ 163,140	\$ 70,007	\$ 5,633	\$ 16,651

TRANSPOR- TATION	HIGHER EDUCATION	OTHER ACTIVITIES	TOTALS	
			JUNE 30, 1987	JUNE 30, 1986
\$ 8,460	\$ 66,533	\$ 3,233	\$ 123,701	\$ 164,268
.....	.....	.....	2,113	2,348
1,264	27,528	89	277,647	295,286
3,980	18,270	179	29,799	35,789
.....	1,657	.....	1,826	2,654
4,147	12,329	147	60,427	57,982
176	1,350	14	1,611	1,713
18,027	127,667	3,662	497,124	560,040
.....	18,467	170	2,864,970	2,655,384
22	134	.....	7,427	8,718
22	18,601	170	2,872,397	2,664,102
6,877	218	.....	13,854	5,834
44,392	388,825	2	439,428	370,445
140,803	8,228	.....	150,144	134,166
224,917	57,154	3,036	317,280	275,831
(77,228)	(142,146)	(1,626)	(238,589)	(214,786)
.....	23,041	.....	144,721	110,514
339,761	335,320	1,412	826,838	682,004
\$ 357,810	\$ 481,588	\$ 5,244	\$ 4,196,359	\$ 3,906,146
\$ 2,116	\$ 4,779	\$ 100	\$ 34,571	\$ 34,493
1,117	4,176	443	34,738	28,818
5,929	13,633	368	46,102	80,470
1,370	6,260	.....	7,630	6,484
45,459	6,194	.....	59,055	65,341
63	11,224	.....	17,069	14,963
.....	.....	.....	399,457	421,249
56,054	46,266	911	598,622	651,818
.....	.....	.....	2,358,471	2,039,816
21,615	170,806	.....	291,421	289,873
.....	11,416	489	64,410	182,784
21,615	182,222	489	2,714,302	2,512,473
77,669	228,488	1,400	3,312,924	3,164,291
.....	.....	.....	59,800	183,177
373,716	8,002	581	385,289	327,393
.....	8,698	.....	8,698	8,671
(93,575)	236,400	3,263	429,648	222,614
280,141	253,100	3,844	883,435	741,855
\$ 357,810	\$ 481,588	\$ 5,244	\$ 4,196,359	\$ 3,906,146

STATE OF WASHINGTON

Combining Statement of Revenues, Expenses, and Changes in Fund Equity Enterprise Funds For the Fiscal Year Ended June 30, 1987 (expressed in thousands)

	LIQUOR	WORKERS' COMPENSATION	CONVENTION & TRADE	LOTTERY	INSTITU- TIONAL
OPERATING REVENUES:					
Sales.....	\$ 219,572	\$.....	\$.....	\$.....	\$ 12,375
Less: Cost of goods sold.....	153,701	.....	.....	.....	7,518
Gross profit.....	65,871	.....	.....	.....	4,857
Charges for services.....	.....	10	.....	.....	28
Workers' compensation contributions.....	.....	507,320	.....	.....	.....
Lottery ticket proceeds.....	.....	.....	.....	193,937	.....
Miscellaneous revenue.....	29,842	3,033	37,018	398	1,479
Total Operating Revenues.....	95,713	510,363	37,018	194,335	6,364
OPERATING EXPENSES:					
Salaries and wages.....	25,019	40,037	653	3,083	2,093
Personal services.....	3	3,324	717	9,589	.....
Goods and services.....	10,485	18,825	418	13,234	2,541
Travel.....	200	1,624	33	283	32
Employee benefits.....	6,305	9,701	95	781	481
Workers' compensation benefits.....	.....	529,637	.....	.....	.....
Lottery prize payments.....	.....	.....	.....	88,016	.....
Depreciation and amortization.....	803	1,482	126	369	78
Miscellaneous expenses.....	289	25,591	2	90	13
Total Operating Expenses.....	43,104	630,221	2,044	115,445	5,238
Operating Income (Loss).....	52,609	(119,858)	34,974	78,890	1,126
NONOPERATING REVENUES (EXPENSES):					
Other revenue (expenses).....	(7)	(113)	3	.....	3
Interest income.....	789	294,801	66	532	7
Interest expense.....	.....	(86)	.....	(64)	.....
Liquor profits distributed to local governments.....	(22,400)	.....	.....	.....	.....
Total Nonoperating Revenues (Expenses).....	(21,618)	294,602	69	468	10
Income (Loss) Before Operating Transfers.....	30,991	174,744	35,043	79,358	1,136
OPERATING TRANSFERS:					
Operating transfers in.....	68,005	275,783	.....	29,959	789
Operating transfers out.....	(97,681)	(277,276)	.....	(108,744)	(876)
Net operating transfers in (out).....	(29,676)	(1,493)	.....	(78,785)	(87)
Net Income (Loss) Before Extraordinary Item.....	1,315	173,251	35,043	573	1,049
EXTRAORDINARY ITEM:					
Bond refunding loss.....	.....	.....	.....	.....	.....
NET INCOME (LOSS).....	1,315	173,251	35,043	573	1,049
FUND EQUITY:					
As previously reported.....	23,458	196,022	13,137	2,283	3,676
Restatement.....	.....	.....	3,379	.....	.....
As restated.....	23,458	196,022	16,516	2,283	3,676
Equity transfers (net).....	.....	.....	.....	.....	.....
Unrealized gain (loss) on investments.....	.....	(123,377)	.....	.....	.....
Contributions of capital.....	.....	22	.....	.....	2
Ending Fund Equity.....	\$ 24,773	\$ 245,918	\$ 51,559	\$ 2,856	\$ 4,727

NATURAL RESOURCES	TRANSPOR- TATION	HIGHER EDUCATION	OTHER ACTIVITIES	TOTALS FOR THE YEAR ENDED	
				JUNE 30, 1987	JUNE 30, 1986
\$.....	\$.....	\$ 40,459	\$ 142	\$ 272,548	\$ 262,093
.....	.....	30,633	118	191,970	188,863
.....	.....	9,826	24	80,578	73,230
.....	48,723	221,745	4,745	275,251	242,948
.....	.....	.....	.....	507,320	588,927
.....	.....	.....	.....	193,937	181,184
2,002	25,830	24,343	719	124,664	104,914
2,002	74,553	255,914	5,488	1,181,750	1,191,203
847	42,142	97,452	2,529	213,855	191,281
.....	171	1,459	127	15,390	14,741
492	28,868	96,020	3,411	174,294	155,866
3	592	4,540	80	7,387	6,787
165	9,399	20,616	695	48,238	44,857
.....	.....	.....	.....	529,637	618,515
.....	.....	.....	.....	88,016	82,724
13	9,184	14,754	485	27,294	25,533
1	229	4,465	147	30,827	19,994
1,521	90,585	239,306	7,474	1,134,938	1,160,298
481	(16,032)	16,608	(1,986)	46,812	30,905
.....	2	(140)	.....	(252)	2,024
854	552	6,231	178	304,010	307,890
.....	(752)	(11,304)	(7)	(12,213)	(25,155)
.....	.....	.....	.....	(22,400)	(19,750)
854	(198)	(5,213)	171	269,145	265,009
1,335	(16,230)	11,395	(1,815)	315,957	295,914
.....	75,227	43,964	2,912	496,639	243,559
.....	(75,227)	(40,992)	(107)	(600,903)	(337,904)
.....	.....	2,972	2,805	(104,264)	(94,345)
1,335	(16,230)	14,367	990	211,693	201,569
.....	.....	.....	.....	.....	(7,734)
1,335	(16,230)	14,367	990	211,693	193,835
23,142	239,108	238,756	2,273	741,855	269,085
(7,960)	.....	.....	.....	(4,581)	126,731
15,182	239,108	238,756	2,273	737,274	395,816
.....	.....	(50)	.....	(50)	640
.....	.....	.....	.....	(123,377)	141,770
.....	57,263	27	581	57,895	9,794
\$ 16,517	\$ 280,141	\$ 253,100	\$ 3,844	\$ 883,435	\$ 741,855

STATE OF WASHINGTON

Combining Statement of Changes in Financial Position Enterprise Funds For the Fiscal Year Ended June 30, 1987 (expressed in thousands)

	LIQUOR	WORKERS' COMPENSATION	CONVENTION AND TRADE	LOTTERY	INSTITU- TIONAL
SOURCES OF WORKING CAPITAL:					
OPERATIONS:					
Net income (loss)					
before extraordinary item.....\$	1,315	\$ 173,251	\$ 35,043	\$ 573	\$ 1,049
Items not requiring working capital in the current period:					
Depreciation and amortization.....	803	1,482	126	369	78
Working Capital Provided by Operations Before Extraordinary Item and Changes..	2,118	174,733	35,169	942	1,127
Extraordinary loss.....					
Change in accounting principle.....					
Fund reclassifications.....					
Prior period adjustments.....			3,379		
Working Capital Provided by Operations, Extraordinary Item, and Changes.....	2,118	174,733	38,548	942	1,127
OTHER SOURCES:					
Decrease in investments, noncurrent...					
Decrease in fixed assets.....	14	152			449
Decrease in other nonfixed assets.....					
Increase in long-term obligations.....		1,545	8,535	32,857	12
Increase in long-term workers' comp.....		318,655			
Unrealized gain on investments.....					
Transfers of fund equity.....					
Contributions of capital.....		22			2
Total Sources of Working Capital.....	2,132	495,107	47,083	33,799	1,590
USES OF WORKING CAPITAL:					
Increase in investments, noncurrent...		182,679		34,965	
Increase in fixed assets.....	1,726	7,670	79,213	452	74
Increase in other nonfixed assets.....			547		
Decrease in long-term obligations.....		153,529	416		
Decrease in long-term workers' comp.....					
Unrealized loss on investments.....		123,377			
Transfers of fund equity.....					
Total Uses of Working Capital.....	1,726	467,255	80,176	35,417	74
Net Increase (Decrease) in Working Capital.....	\$ 406	\$ 27,852	\$ (33,093)	\$ (1,618)	\$ 1,516
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL:					
Cash and pooled investments.....\$	(1,327)	\$ 6,516	\$ (52,849)	\$ 2,188	\$ (12)
Receivables (net of allowance).....	(279)	(41,396)	21,893	1,990	180
Due from other funds.....	15	205	(2,963)	419	197
Due from other governments.....	26	(276)			(5)
Inventories.....	347	48		(448)	305
Prepaid expenses.....	(10)	1		(235)	3
Accounts payable.....	1,269	(95)	(3,198)	(128)	873
Contracts and retainages payable.....	166	(4,212)	(1,158)	16	
Accrued liabilities.....	219	34,145	5,182	(3,114)	5
Matured bonds payable.....					
Due to other funds.....		11,124		(2,306)	(28)
Deferred revenue.....	(20)				(2)
Current workers' compensation benefits payable.....		21,792			
Net Increase (Decrease) in Working Capital.....	\$ 406	\$ 27,852	\$ (33,093)	\$ (1,618)	\$ 1,516

NATURAL RESOURCES	TRANSPOR- TATION	HIGHER EDUCATION	OTHER ACTIVITIES	TOTALS FOR THE YEAR ENDED	
				JUNE 30, 1987	JUNE 30, 1986
\$ 1,335	\$ (16,230)	\$ 14,367	\$ 990	\$ 211,693	\$ 201,569
13	9,184	14,754	485	27,294	25,533
1,348	(7,046)	29,121	1,475	238,987	227,102
.....	.....	.....	.....	.....	(7,734)
(7,960)	.....	.....	.....	(7,960)	41,407
.....	.....	.....	.....	3,379	66,921
.....	.....	.....	.....	.....	18,403
(6,612)	(7,046)	29,121	1,475	234,406	346,099
.....	.....	8,058	.....	8,058	3,839
220	.....	62,318	.....	63,153	3,017
1,149	.....	.....	.....	1,149	.....
.....	1	4,811	630	48,391	128,651
.....	.....	.....	.....	318,655	191,394
.....	.....	.....	.....	.....	141,770
.....	.....	.....	.....	.....	644
.....	57,263	27	581	57,895	9,794
(5,243)	50,218	104,335	2,686	731,707	825,208
.....	.....	.....	.....	217,644	567,480
70	49,052	94,733	1,524	234,514	212,015
.....	.....	78	.....	625	2,276
.....	1,370	9,632	270	165,217	36,067
.....	.....	.....	.....	.....	385
.....	.....	.....	.....	123,377	.....
.....	.....	50	.....	50	4
70	50,422	104,493	1,794	741,427	818,227
<u>\$ (5,313)</u>	<u>\$ (204)</u>	<u>\$ (158)</u>	<u>\$ 892</u>	<u>\$ (9,720)</u>	<u>\$ 6,981</u>
\$ (6,273)	\$ (1,995)	\$ 11,467	\$ 1,718	\$ (40,567)	\$ (7,857)
(548)	186	824	(724)	(17,874)	86,289
(471)	2,724	(6,210)	94	(5,990)	11,969
(239)	.....	(334)	.....	(828)	207
.....	102	2,064	27	2,445	7,951
.....	(8)	147	.....	(102)	357
166	958	76	1	(78)	(493)
721	(1,117)	(285)	(51)	(5,920)	(28,083)
120	(1,231)	(779)	(179)	34,368	(12,428)
.....	(44)	(1,102)	.....	(1,146)	(1,367)
62	284	(2,856)	6	6,286	(24,337)
1,149	(63)	(3,170)	.....	(2,106)	(440)
.....	.....	.....	.....	21,792	(24,787)
<u>\$ (5,313)</u>	<u>\$ (204)</u>	<u>\$ (158)</u>	<u>\$ 892</u>	<u>\$ (9,720)</u>	<u>\$ 6,981</u>



Washington's Cities and Towns

Q: What Washington city is known as the "Hub of the Inland Empire"?

A: Spokane.

Q: What is the oldest permanent settlement by whites in Washington?

A: Vancouver, begun in 1825 as an outpost of the Hudson's Bay Company.

Q: What are Washington's five most populous cities?

A: From largest to smallest: Seattle, Spokane, Tacoma, Bellevue and Everett.

Q: What Washington community is nicknamed "The City of Destiny"?

A: Tacoma.

Q: What Washington town revived its economy by remodeling as a Bavarian village?

A: Leavenworth.

Q: What Fidalgo Island town was given a Spanish-sounding name to boost real estate development prospects?

A: Anacortes, given an Hispanic version of Anna Curtis, maiden name of the promoter.

Internal Service Funds

Internal Service Funds account for State activities that provide goods and services to other State departments or agencies on a cost-reimbursement basis. A brief description of each fund follows:

The **Central Services Fund** accounts for: (1) The operation of the Division of Archives and Records Management by the Secretary of State; (2) Legal services provided to State agencies by the Office of Attorney General; (3) The operation and management of real estate and providing facilities and services to other agencies by the Department of General Administration; (4) The auditing of State and local governmental units by the Office of State Auditor; (5) The administration of the State civil service law by the Department of Personnel; and (6) Services provided to State agencies by the Office of Administrative Hearings.

The **Central Stores Fund** accounts for the Department of General Administration's purchase and subsequent sale or rental to State agencies, of supplies, equipment, and services through central stores, and for the costs to operate central stores.

The **Equipment Revolving Fund** accounts for: (1) The repair, replacement, purchase, and operation of equipment in the administration, maintenance, and construction of highways and highway facilities, and for the operation of an automobile pool of State vehicles by the Department of Transportation; and (2) The purchase, repair, and maintenance of equipment, machinery, and supplies by the Department of Natural Resources.

The **Data Processing Revolving Fund** accounts for the distribution and apportionment of the full cost of data processing and data communication services to other State agencies, and for the payment of other costs incidental to the acquisition, operation, and administration of acquired data processing services, supplies, and equipment.

The **Printing Services Fund** accounts for the operation of the State printing plant by the Department of Printing.

The **Motor Transport Fund** accounts for the Department of General Administration's Motor Transport Division operations, including the cost of replacing vehicles.

The **Higher Education Revolving Fund** accounts for stores, data processing, educational, operational printing and duplication, motor pool, and other support service activities at colleges and universities.

The **Miscellaneous Services Fund** accounts for acquisition of federal surplus timber for resale or donation to eligible parties by the Department of General Administration.

STATE OF WASHINGTON

Combining Balance Sheet Internal Service Funds June 30, 1987 (expressed in thousands)

	CENTRAL SERVICES	CENTRAL STORES	EQUIPMENT REVOLVING	DATA PROCESS. REVOLVING	PRINTING SERVICES
ASSETS					
CURRENT ASSETS:					
Cash and pooled investments.....	\$ 2,632	\$ 1,723	\$ 20,252	\$ 7,037	\$ 325
Other receivables (net of allowance)....	1,169	4,299	519	7,726	1,843
Due from other funds.....	883	140	5,575	796	.....
Due from other governments.....	1,059	1,448	10	381	.....
Inventories.....	4	1,841	2,793	1,063	2,445
Prepaid expenses.....	.....	2	14	.....	141
Total Current Assets.....	5,747	9,453	29,163	17,003	4,754
OTHER ASSETS:					
Investments, noncurrent.....	.....	.....	.....	.....	2,750
Other nonfixed assets.....	.....	.....	14	.....	.....
Total Other Assets.....	.....	.....	14	.....	2,750
FIXED ASSETS:					
Land.....	1,277	6	.....	.....	.....
Buildings.....	1,405	95	59	.....	.....
Other improvements and miscellaneous....	108	544	.....	2,070	257
Machinery and equipment.....	5,150	10,609	117,704	60,310	4,199
Accumulated depreciation.....	(2,086)	(4,676)	(63,005)	(29,864)	(1,848)
Total Fixed Assets.....	5,854	6,578	54,758	32,516	2,608
Total Assets.....	\$ 11,601	\$ 16,031	\$ 83,935	\$ 49,519	\$ 10,112
LIABILITIES AND FUND EQUITY					
CURRENT LIABILITIES:					
Accounts payable.....	\$ 1,814	\$ 2,831	\$ 1,576	\$ 3,346	\$ 1,499
Contracts and retainages payable.....	132	3,034	184	4,866	1
Accrued liabilities.....	3,842	396	1,272	1,674	355
Due to other funds.....	239	68	253	219	.....
Due to other governments.....	.....	6	.....	.....	.....
Deferred revenues.....	65	1,115	14	164	1,608
Total Current Liabilities.....	6,092	7,450	3,299	10,269	3,463
LONG-TERM LIABILITIES:					
Bonds payable.....	.....	.....	.....	.....	.....
Other long-term obligations.....	2,121	495	6	7,678	75
Total Long-term Liabilities.....	2,121	495	6	7,678	75
Total Liabilities.....	8,213	7,945	3,305	17,947	3,538
FUND EQUITY:					
Contributed capital.....	.....	416	18,030	2,665	.....
Retained earnings:	.....	.....	.....	.....	.....
Reserved.....	.....	.....	.....	.....	.....
Unreserved.....	3,388	7,670	62,600	28,907	6,574
Total Fund Equity.....	3,388	8,086	80,630	31,572	6,574
Total Liabilities and Fund Equity.....	\$ 11,601	\$ 16,031	\$ 83,935	\$ 49,519	\$ 10,112

MOTOR TRANSPORT	HIGHER EDUC. REVOLVING	MISCELLANEOUS SERVICES	TOTALS	
			JUNE 30, 1987	JUNE 30, 1986
\$ 2,718	\$ 9,942	\$ 326	\$ 44,955	\$ 42,489
475	1,196	61	17,288	17,909
18	170	4	7,586	8,216
.....	.....	34	2,932	2,082
.....	7,684	1,021	16,851	20,070
.....	.....	.....	157	135
3,211	18,992	1,446	89,769	90,901
.....	.....	.....	2,750	1,650
.....	.....	.....	14	574
.....	.....	.....	2,764	2,224
.....	.....	.....	1,283	1,283
.....	306	.....	1,865	1,675
1	6	.....	2,986	2,837
8,249	35,134	6	241,361	211,405
(4,467)	(18,586)	(2)	(124,534)	(104,814)
3,783	16,860	4	122,961	112,386
\$ 6,994	\$ 35,852	\$ 1,450	\$ 215,494	\$ 205,511
\$ 110	\$ 3,295	\$ 3	\$ 14,474	\$ 15,217
.....	1,106	.....	9,323	8,485
52	2,587	29	10,207	9,759
11	194	28	1,012	1,034
.....	.....	13	19	24
40	37	.....	3,043	4,213
213	7,219	73	38,078	38,732
.....	.....	.....	0	.....
.....	4,500	.....	14,875	18,437
.....	4,500	.....	14,875	18,437
213	11,719	73	52,953	57,169
.....	400	100	21,611	21,169
.....	.....	.....	.....	42
6,781	23,733	1,277	140,930	127,131
6,781	24,133	1,377	162,541	148,342
\$ 6,994	\$ 35,852	\$ 1,450	\$ 215,494	\$ 205,511

STATE OF WASHINGTON

Combining Statement of Revenues, Expenses, and Changes in Fund Equity Internal Service Funds For the Fiscal Year Ended June 30, 1987 (expressed in thousands)

	CENTRAL SERVICES	CENTRAL STORES	EQUIPMENT REVOLVING	DATA PROCESS. REVOLVING	PRINTING SERVICES
OPERATING REVENUES:					
Sales.....	\$.....	\$ 49,049	\$ 2,474	\$.....	\$ 23,907
Less: Cost of goods sold.....	.....	32,082	2,501	.....	22,507
Gross profit (loss).....	.....	16,967	(27)	.....	1,400
Charges for services.....	48,237	.....	44,183	54,960	.....
Miscellaneous revenues.....	5,961	219	.....	.....	.....
Total Operating Revenues.....	54,198	17,186	44,156	54,960	1,400
OPERATING EXPENSES:					
Salaries and wages.....	29,709	3,244	9,397	12,915	.....
Personal services.....	904	19	33	773	.....
Goods and services.....	14,090	3,914	12,863	23,128	.....
Travel.....	989	51	102	209	.....
Employee benefits.....	6,053	873	2,361	3,062	.....
Depreciation and amortization.....	714	2,966	12,328	9,937	348
Miscellaneous expenses.....	282	5	505	221	6
Total Operating Expenses.....	52,741	11,072	37,589	50,245	354
Operating Income (Loss).....	1,457	6,114	6,567	4,715	1,046
NONOPERATING REVENUES (EXPENSES):					
Other revenue (expenses).....	12	29	(163)	(261)	.....
Interest income.....	480	235	1,141	556	.....
Interest expense.....	(287)	(748)	(36)	(1,155)	.....
Total Nonoperating Revenues (Expenses).....	205	(484)	942	(860)	.....
Income Before Operating Transfers...	1,662	5,630	7,509	3,855	1,046
OPERATING TRANSFERS:					
Operating transfers in.....	43	.....	.....	.....	.....
Operating transfers out.....	(2,184)	.....	.....	(59)	.....
Net operating transfers in (out).....	(2,141)	.....	.....	(59)	.....
NET INCOME (LOSS).....	(479)	5,630	7,509	3,796	1,046
FUND EQUITY:					
As previously reported.....	4,610	2,456	72,683	27,776	5,528
Restatement.....	(743)	.....	.....	.....	.....
As restated.....	3,867	2,456	72,683	27,776	5,528
Equity transfers (net).....	.....	.....	.....	.....	.....
Contributions of capital.....	.....	.....	438	.....	.....
Ending Fund Equity.....	\$ 3,388	\$ 8,086	\$ 80,630	\$ 31,572	\$ 6,574

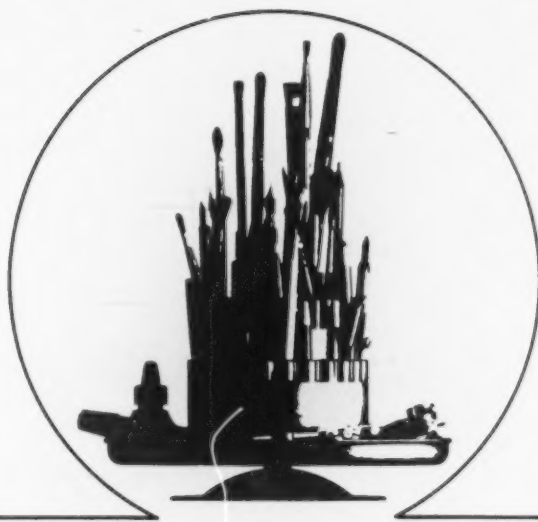
MOTOR TRANSPORT	HIGHER EDUC. REVOLVING	MISCELLANEOUS SERVICES	TOTALS FOR THE YEAR ENDED	
			JUNE 30, 1987	JUNE 30, 1986
\$.....	\$ 31,677	\$.....	\$ 107,107	\$ 101,177
.....	23,698	.....	80,788	86,287
.....	7,979	.....	26,319	14,890
4,107	55,859	798	208,144	201,287
.....	191	29	6,400	8,224
4,107	64,029	827	240,863	224,401
467	21,154	276	77,162	74,418
.....	171	.....	1,900	2,012
1,711	32,784	430	88,920	84,205
4	387	10	1,752	1,596
124	4,767	73	17,313	17,685
1,073	3,775	1	31,142	26,387
1	425	315	1,760	1,100
3,380	63,463	1,105	219,949	207,403
727	566	(278)	20,914	16,998
63	(163)	(1,864)	(2,347)	(296)
.....	1185	16	3,613	3,042
.....	(450)	.....	(2,676)	(2,368)
63	572	(1,848)	(1,410)	378
790	1,138	(2,126)	19,504	17,376
.....	209	.....	252	126
(2,000)	(1,011)	.....	(5,254)	(901)
(2,000)	(802)	.....	(5,002)	(775)
(1,210)	336	(2,126)	14,502	16,601
7,991	23,795	3,503	148,342	131,445
.....	.....	.....	(743)	877
7,991	23,795	3,503	147,599	132,322
.....	.....	.....	.....	(913)
.....	2	.....	440	332
\$ 6,781	\$ 24,133	\$ 1,377	\$ 162,541	\$ 148,342

STATE OF WASHINGTON

Combining Statement of Changes in Financial Position Internal Service Funds For the Fiscal Year Ended June 30, 1987 (expressed in thousands)

	CENTRAL SERVICES	CENTRAL STORES	EQUIPMENT REVOLVING	DATA PROCESS. REVOLVING	PRINTING SERVICES
SOURCES OF WORKING CAPITAL:					
OPERATIONS:					
Net income (loss).....\$	(479)	\$ 5,630	\$ 7,509	\$ 3,796	\$ 1,046
Items not requiring working capital in the current period:					
Depreciation.....	714	2,966	12,328	9,937	348
Working Capital Provided by Operations Before Changes.....	235	8,596	19,837	13,733	1,394
Prior period adjustments.....	(743)				
Working Capital Provided by Operations and Changes.....	(508)	8,596	19,837	13,733	1,394
OTHER SOURCES:					
Decrease in fixed assets.....	2	646	1,581	2,116	141
Decrease in other nonfixed assets.....		211		363	
Increase in long-term obligations.....	16	4,545		3,542	
Contributions of capital.....			438		
Total Sources of Working Capital.....	(490)	13,998	21,856	19,754	1,535
USES OF WORKING CAPITAL:					
Increase in investments, noncurrent...					1,100
Increase in fixed assets.....	1,641	4,859	17,580	13,255	726
Increase in other nonfixed assets.....			14		
Decrease in long-term obligations.....	126	5,387	7	8,448	85
Transfers of fund equity.....					
Total Uses of Working Capital.....	1,767	10,246	17,601	21,703	1,911
Net Increase (Decrease) in Working Capital.....\$	(2,257)	\$ 3,752	\$ 4,255	\$ (1,949)	\$ (376)
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL:					
Cash and pooled investments.....\$	(1,621)	\$ (41)	\$ 4,566	\$ (2,957)	\$ (14)
Receivables (net of allowance).....	(576)	(982)	(207)	1,333	(243)
Due from other funds.....	142	(13)	819	77	
Due from other governments.....	690	231	(13)	(78)	
Inventories.....	4	333	136	(142)	(1,043)
Prepaid expenses.....		(8)	(111)		141
Accounts payable.....	(901)	4,905	(1,092)	(279)	(11)
Contracts and retainages payable.....	(4)	(939)	258	269	53
Accrued liabilities.....	(377)	(60)	(43)	(92)	35
Matured bonds payable.....					
Due to other funds.....	(12)	30	(44)	84	
Due to other governments.....		18			
Deferred revenue.....	398	278	(14)	(164)	706
Net Increase (Decrease) in Working Capital.....\$	(2,257)	\$ 3,752	\$ 4,255	\$ (1,949)	\$ (376)

MOTOR TRANSPORT	HIGHER EDUC. REVOLVING	MISCELLANEOUS SERVICES	TOTALS FOR THE YEAR ENDED	
			JUNE 30, 1987	JUNE 30, 1986
\$ (1,210)	\$ 336	\$ (2,126)	\$ 14,502	\$ 16,601
1,073	3,775	1	31,142	26,387
(137)	4,111	(2,125)	45,644	42,988
			(743)	877
(137)	4,111	(2,125)	44,901	43,865
94	1,227	12	5,819	7,910
.....	.....	.....	574	.....
.....	2,892	.....	10,995	8,959
.....	2	.....	440	332
(43)	8,232	(2,113)	62,729	61,066
.....	.....	.....	1,100	.....
1,353	8,120	2	47,536	48,982
.....	.....	.....	14	.....
.....	504	.....	14,557	6,734
.....	.....	.....	.....	913
1,353	8,624	2	63,207	56,629
<u>\$ (1,396)</u>	<u>\$ (392)</u>	<u>\$ (2,115)</u>	<u>\$ (478)</u>	<u>\$ 4,437</u>
\$ (1,136)	\$ 3,625	\$ 44	\$ 2,466	\$ 5,109
(156)	223	(13)	(621)	897
4	(1,662)	3	(630)	(1,534)
.....	.....	20	850	303
.....	(341)	(2,166)	(3,219)	3,691
.....	.....	.....	22	(3)
(62)	(1,815)	(2)	743	1,852
.....	(475)	.....	(838)	(4,012)
(1)	76	14	(448)	(1,543)
.....	.....	.....	.....	45
(5)	(29)	(2)	22	1,147
.....	.....	(13)	5	342
(40)	6	.....	1,170	(1,857)
<u>\$ (1,396)</u>	<u>\$ (392)</u>	<u>\$ (2,115)</u>	<u>\$ (478)</u>	<u>\$ 4,437</u>



The Arts in Washington

Q: What craft is nurtured by the Pilchuck School located in the Skagit Valley?

A: The making of glass.

Q: What Washington painter in 1984 gained the distinction of being one of only 50 citizens named to the American Academy of Arts and Letters?

A: Jacob Lawrence.

Q: What internationally acclaimed artist painted a series of sketches of life in Seattle's Pike Place Market?

A: Mark Tobey.

Q: What Washington artist has won international renown for his fountain sculptures?

A: George Tsutakawa.

Q: What pioneering Washington photographer published an epic 20-volume portfolio on American Indians?

A: Edward Curtis--the series was completed in 1930.

Washington

Trust and Agency Funds

Expendable Trust Funds

Expendable Trust Funds account for assets held by the State in a trustee capacity where the principal and income may be expended in the course of the funds' designated operations. A brief description of each fund follows:

The **Human Resources Fund** accounts for: (1) The deposit of funds requisitioned from the Federal Unemployment Trust Fund and for the payment of all unemployment benefits by the Department of Employment Security; (2) The Superintendent of Public Instruction's receipt and allocation of 50 percent of the federal forest funds received by the State in accordance with Title 16, Section 500; (3) Additional payments to prior pensioners of survivors of deceased injured workers and permanently and totally disabled workers by the Department of Labor and Industries; and (4) The residents' share of financial support for the Veterans' Home and the Soldiers' Home by the Department of Veterans' Affairs.

The **Higher Education Fund** accounts for college and university gifts in the support of fellowships and scholarships.

The **Miscellaneous Fund** accounts for Department of Revenue's administration of the abandoned property laws and for claims against the State arising out of tortious conduct for whom the defense of claims was authorized under statute.

Nonexpendable Trust Funds

Nonexpendable Trust Funds account for assets held by the State in a trustee capacity where only income derived from the trust principal may be expended for designated operations. The principal must be preserved intact. A brief description of each fund follows:

The **Higher Education Fund** accounts for the principal derived from the sale of timber, and for gifts and bequests which the donors have specified must remain intact. Interest earned is used for the benefit of certain colleges and universities.

The **Miscellaneous Fund** accounts for the principal derived from the sale of timber. Interest earned is used for the benefit of the common schools.

Pension Trust Funds

Pension Trust Funds account for transactions, assets, liabilities, and net assets available for plan benefits of the various State public employee retirement systems. See Note 6, Retirement Systems, page 44, for a description of Pension Trust Funds.

Agency Funds

Agency Funds account for the receipt and disbursement of various taxes, deposits, deductions, and property collected by the State, acting in the capacity of an agent, for distribution to other governmental units or other organizations. A brief description of each of Washington's Agency Funds follows:

The **Payroll Fund** is used by the Office of State Treasurer as a clearing account for processing payrolls.

The **Suspense Fund** accounts for third parties' moneys for which final disposition is not yet known; for State revenues received without a statement designating source and fund; and for State timber sales bid deposits where final disposition is pending.

The **Miscellaneous Fund** is used: (1) By the Department of Revenue to account for receipt and allocation of local sales and use taxes, and leasehold taxes imposed by local governments; (2) By the Department of Licensing to account for collection and distribution of city motor vehicle fuel tax imposed by various cities and towns; (3) By the Office of State Treasurer to account for the accumulation and allocation of interest earned among the various accounts and funds from which such investments and investment deposits were made, and for all non-Treasury trust funds which are in the custody of the State Treasurer; (4) By the Department of Social and Health Services to hold personal funds of juveniles and adults in the charge of various State institutions, and for the collection and disbursement of child support payments for clients; and (5) By the Department of Employment Security as a clearing account for employer and employee O.A.S.I. contributions.

STATE OF WASHINGTON

Combining Balance Sheet Trust and Agency Funds June 30, 1987 (expressed in thousands)

	EXPENDABLE TRUST			NONEXPENDABLE TRUST		PENSION TRUST	
	HUMAN RESOURCES	HIGHER EDUCATION	MISC.	HIGHER EDUCATION	MISC.	PUBLIC EMPLOYEES'	TEACHERS'
ASSETS							
Cash and pooled investments.....	\$ 534,729	\$ 25,393	\$ 3,590	\$ 20,574	\$ 478	\$ 10,087	\$ 5,492
Taxes receivable (net of allowance).....	.....	.....	.....	.....	.....	.....	.....
Other receivables (net of allowance)....	54,169	75,183	7,545	5,634	2,121	25,805	19,451
Due from other funds.....	3,225	1,394	376	7	4	625	377
Due from other governments.....	6,310	494	4,123	.....	.....	53,917	20,519
Inventories.....	37	.....	75	.....	.....	.....	.....
Total Current Assets.....	598,470	102,464	15,709	26,215	2,603	90,434	45,839
OTHER ASSETS:							
Investments, noncurrent.....	2,850	4,683	1,035	355,598	98,420	4,705,915	3,218,403
Other nonfixed assets.....	.....	.....	.....	1,173	2,061	.....	.....
Total Other Assets.....	2,850	4,683	1,035	356,771	100,481	4,705,915	3,218,403
Total Assets.....	\$ 601,320	\$ 107,147	\$ 16,744	\$ 382,986	\$ 103,084	\$ 4,796,349	\$ 3,264,242
LIABILITIES AND FUND EQUITY							
LIABILITIES:							
Accounts payable.....	\$ 213	\$ 427	\$ 44	\$.....	\$.....	\$ 2,246	\$ 1,678
Contracts and retainages payable.....	.....	106	.....	1,774	79	.....	.....
Accrued liabilities.....	.....	743	15	6,326	.....	42	18
Due to other funds.....	877	639	631	1,086	.....	406	155
Due to other governments.....	1,559	66	1	.....	.....	.....	.....
Deferred revenues.....	34	122	5,807	1,129	2,061	37	.....
Current workers' comp benefits payable..	98,148	.....	.....	.....	.....	.....	.....
Other long-term obligations.....	.....	.....	.....	6,651	.....	.....	.....
Total Liabilities.....	100,831	2,103	6,498	16,966	2,140	2,731	1,851
FUND EQUITY:							
Unrealized gain on investments.....	.....	.....	.....	.....	.....	1,013,356	678,320
Fund balances:							
Reserved for:							
Encumbrances.....	.....	.....	.....	.....	.....	.....	.....
Inventories.....	37	.....	75	.....	.....	.....	.....
Nonexpendable trust corpus.....	.....	112	.....	366,020	100,944	.....	.....
Unemployment compensation.....	493,616	.....	.....	.....	.....	.....	.....
Retirement systems.....	.....	.....	.....	.....	.....	3,780,262	2,584,071
Other specific purposes.....	2,877	72,466	1,927	.....	.....	.....	.....
Unreserved:							
Designated for other							
specific purposes.....	.....	3,118	.....	.....	.....	.....	.....
Undesignated.....	3,959	29,348	8,244	.....	.....	.....	.....
Total Fund Equity.....	500,489	105,044	10,246	366,020	100,944	4,793,618	3,262,391
Total Liabilities and Fund Equity.....	\$ 601,320	\$ 107,147	\$ 16,744	\$ 382,986	\$ 103,084	\$ 4,796,349	\$ 3,264,242

PENSION TRUST(cont't)				AGENCY			TOTALS	
L.E.O.F.F.	STATE PATROL	JUDICIAL	VOLUNTEER FIREMEN	PAYROLL	SUSPENSE	MISC.	JUNE 30, 1987	JUNE 30, 1986
\$ 1,980	\$ 915	\$ 259	\$ 1,988	\$ 15,210	\$ 22,231	\$ 91,277	\$ 734,203	\$ 464,080
.....								
12,613	1,330	1	796	.....	1,163	12,026	217,837	13,754
165	16	21	6	61	2,504	56,213	64,994	348,362
8,182	588	106	.....	.....	5,188	3,948	103,375	64,626
.....	.....	.....	.....	.....	.....	.....	112	90,725
.....	.....	.....	.....	.....	.....	.....	.....	101
22,940	2,849	387	2,790	15,271	31,086	163,464	1,120,521	981,648
1,938,437	167,106	131	34,147	.....	.....	91,138	10,617,863	8,859,098
.....	.....	.....	.....	.....	2,381	.....	5,615	33,130
1,938,437	167,106	131	34,147	.....	2,381	91,138	10,623,478	8,892,228
<u>\$1,961,377</u>	<u>\$ 169,955</u>	<u>\$ 518</u>	<u>\$ 36,937</u>	<u>\$ 15,271</u>	<u>\$ 33,467</u>	<u>\$ 254,602</u>	<u>\$ 11,743,999</u>	<u>\$ 9,873,876</u>
\$ 394	\$ 63	\$ 33	\$ 13	\$ 1	\$ 2,212	\$ 1,451	\$ 8,775	\$ 67,982
.....	.....	.....	.....	.....	9,391	1,439	12,789	13,436
.....	.....	.....	8	15,075	5,225	24,251	51,703	55,848
66	.....	.....	.....	195	14,124	65,956	84,135	77,889
.....	.....	.....	.....	.....	2,515	63,679	67,820	76,649
.....	.....	.....	.....	.....	.....	.....	9,190	138,083
.....	.....	.....	.....	.....	.....	.....	98,148	.....
.....	.....	.....	.....	.....	.....	97,826	104,477	100,404
460	63	33	21	15,271	33,467	254,602	437,037	530,291
384,197	19,193	24	329	.....	.....	.....	2,095,419	1,334,650
.....	.....	.....	.....	.....	.....	.....	.....	162
.....	.....	.....	.....	.....	.....	.....	112	101
.....	.....	.....	.....	.....	.....	.....	467,076	412,193
.....	.....	.....	.....	.....	.....	.....	493,616	234,207
1,576,720	150,699	461	36,587	.....	.....	.....	8,128,800	7,199,124
.....	.....	.....	.....	.....	.....	.....	77,270	73,693
.....	.....	.....	.....	.....	.....	.....	3,118	155
.....	.....	.....	.....	.....	.....	.....	41,551	89,300
1,960,917	169,892	485	36,916	.....	.....	.....	11,306,962	9,343,585
<u>\$1,961,377</u>	<u>\$ 169,955</u>	<u>\$ 518</u>	<u>\$ 36,937</u>	<u>\$ 15,271</u>	<u>\$ 33,467</u>	<u>\$ 254,602</u>	<u>\$ 11,743,999</u>	<u>\$ 9,873,876</u>



Washington's Counties

Q: What Washington county was originally named Slaughter?

A: Kitsap County, after a Lt. Slaughter killed in the Indian wars. Residents didn't like the connotation, so they changed the name.

Q: What Washington county has the least population?

A: Garfield, in the state's southeastern corner--2,468 according to the latest U. S. census.

Q: Who are the six U. S. Presidents to have Washington counties named for them?

A: Adams, Garfield, Grant, Jefferson, Lincoln and Pierce.

Q: How many counties does Washington have?

A: Thirty-nine.

Q: Name the Washington county with the least amount of territory.

A: San Juan County in Puget Sound--only 179.3 square miles.

STATE OF WASHINGTON

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Expendable Trust Funds For the Fiscal Year Ended June 30, 1987 (expressed in thousands)

	HUMAN RESOURCES	HIGHER EDUCATION	MISC.	TOTALS FOR THE YEAR ENDED	
				JUNE 30, 1987	JUNE 30, 1986
REVENUES:					
Federal grants-in-aid.....	\$ 1,086	\$ 47,144	\$ 26,233	\$ 74,463	\$ 76,412
Charges for services.....	188	6,783	63	7,034	4,507
Unemployment comp. contributions....	613,665	.....	.....	613,665	506,570
Workers' compensation contributions..	150,015	.....	.....	150,015	95,821
Miscellaneous revenue.....	29,626	16,547	12,549	58,722	76,841
Total Revenues.....	794,580	70,474	38,845	903,899	760,151
EXPENDITURES:					
Current:					
General government.....	.....	.....	41,920	41,920	26,093
Human resources.....	577,111	.....	4	577,115	496,686
Natural resources and recreation.....	.....	.....	192	192	390
Education.....	51	65,501	227	65,779	63,822
Capital outlays.....	23	508	69	600	441
Debt service:					
Principal.....	8	.....	.....	8	.....
Interest.....	.....	2	4	6	346
Total Expenditures.....	577,193	66,011	42,416	685,620	587,778
Excess of Revenues Over (Under) Expenditures.....	217,387	4,463	(3,571)	218,279	172,373
OTHER FINANCING SOURCES (USES):					
Operating transfers in.....	9,458	5,467	9,902	24,827	15,654
Operating transfers out.....	(14,636)	(4,870)	(5,433)	(24,939)	(24,018)
Capital lease acquisitions.....	.....	.....	.....	.....	1
Total Other Financing Sources (Uses)	(5,178)	597	4,469	(112)	(8,363)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES.....					
	212,209	5,060	898	218,167	164,010
FUND BALANCES:					
As previously reported.....	288,281	99,744	9,593	397,618	259,904
Restatement.....	.....	255	(255)	.....	(26,274)
As restated.....	288,281	99,999	9,338	397,618	233,630
Equity transfers (net).....	.....	(15)	.....	(15)	(25)
Changes in inventory reserves.....	(1)	.....	10	9	3
Ending Fund Balance.....	\$ 500,489	\$ 105,044	\$ 10,246	\$ 615,779	\$ 397,618

STATE OF WASHINGTON

Combining Statement of Revenues, Expenses, and Changes in Fund Equity Nonexpendable Trust Funds For the Fiscal Year Ended June 30, 1987 (expressed in thousands)

	HIGHER EDUCATION	MISC.	TOTALS FOR THE YEAR ENDED	
			JUNE 30, 1987	JUNE 30, 1986
OPERATING REVENUES:				
Charges for services.....	\$ 29	\$.....	\$ 29	\$ 42
Earnings on investments.....	35,812	12,718	48,530	27,824
Miscellaneous revenue.....	31,320	960	32,280	19,224
Total Operating Revenues.....	67,161	13,678	80,839	47,090
NONOPERATING REVENUES (EXPENSES):				
Other revenues (expenses).....	3	115	118	127
Total Nonoperating Revenues (Expenses).....	3	115	118	127
Income Before Operating Transfers...	67,164	13,793	80,957	47,217
OPERATING TRANSFERS:				
Operating transfers in.....	.....	.....	.....	7,376
Operating transfers out.....	(20,115)	(6,071)	(26,186)	(8,970)
Net operating transfers in (out).....	(20,115)	(6,071)	(26,186)	(1,594)
NET INCOME	47,049	7,722	54,771	45,623
FUND EQUITY:				
As previously reported.....	318,971	93,222	412,193	370,139
Restatement.....	.....	.....	.....	(3,571)
As restated.....	318,971	93,222	412,193	366,568
Equity transfers (net).....	.....	.....	.....	2
Ending Fund Equity.....	\$ 366,020	\$ 100,944	\$ 466,964	\$ 412,193

STATE OF WASHINGTON

Combining Statement of Changes in Financial Position Nonexpendable Trust Funds For the Fiscal Year Ended June 30, 1987 (expressed in thousands)

	HIGHER EDUCATION	MISCELLA- NEOUS	TOTALS FOR THE YEAR ENDED	
			JUNE 30, 1987	JUNE 30, 1986
SOURCES OF WORKING CAPITAL:				
Working Capital Provided by Operations before Changes.....	\$ 47,049	\$ 7,722	\$ 54,771	\$ 45,623
Prior period adjustments.....				(3,571)
Working Capital Provided by Operations and Changes.....	47,049	7,722	54,771	42,052
OTHER SOURCES:				
Decrease in other nonfixed assets.....	3,777	690	4,467	
Increase in long-term obligations.....	28		28	6,616
Transfers of fund equity.....				2
Total Sources of Working Capital....	50,854	8,412	59,266	48,670
USES OF WORKING CAPITAL:				
Increase in investments, noncurrent...	38,655	7,805	46,460	37,348
Increase in other nonfixed assets.....				7656
Decrease in long-term obligations.....	496		496	4,635
Total Uses of Working Capital.....	39,151	7,805	46,956	49,639
Net Increase (Decrease) in Working Capital.....	\$ 11,703	\$ 607	\$ 12,310	\$ (969)
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL:				
Cash and pooled investments.....	\$ 8,159	\$ (347)	\$ 7,812	\$ 5,408
Receivables (net of allowance).....	830	233	1,063	6,235
Due from other funds.....		4	4	(1,773)
Contracts and retainages payable.....	2,047	27	2,074	(793)
Accrued liabilities.....	(2,299)		(2,299)	(3,867)
Due to other funds.....	(915)		(915)	(171)
Deferred revenue.....	3,881	690	4,571	(6,008)
Net Increase (Decrease) in Working Capital.....	\$ 11,703	\$ 607	\$ 12,310	\$ (969)

STATE OF WASHINGTON

Combining Statement of Revenues, Expenses, and Changes in Fund Equity Pension Trust Funds For the Fiscal Year Ended June 30, 1987 (expressed in thousands)

	PUBLIC EMPLOYEES'	TEACHERS'	L.E.O.F.F.	STATE PATROL	JUDICIAL
OPERATING REVENUES:					
Earnings on investments.....	\$ 293,923	\$ 221,353	\$ 107,973	\$ 16,478	\$ 130
Pension contributions.....	397,084	244,158	183,991	8,275	1,339
Miscellaneous revenue.....	142	237	27	.....	.....
Total Operating Revenues.....	691,149	465,748	291,991	24,753	1,469
OPERATING EXPENSES:					
Salaries and wages.....	.....	.....	.....	.....	.....
Personal services.....	14	2	2	.....	.....
Goods and services.....	1,867	1,275	836	69	4
Travel.....	.....	.....	.....	.....	.....
Employee benefits.....	.....	.....	.....	.....	.....
Pension benefit payments.....	263,175	193,447	81,538	4,258	2,380
Total Operating Expenses.....	265,056	194,724	82,376	4,327	2,384
Operating Income	426,093	271,024	209,615	20,426	(915)
NONOPERATING REVENUES (EXPENSES):					
Other revenues (expenses).....	42	73	28	2	.....
Total Nonoperating Revenues (Expenses).....	42	73	28	2	.....
Income (Loss) Before Operating Transfers.....	426,135	271,097	209,643	20,428	(915)
OPERATING TRANSFERS:					
Operating transfers in.....	.....	.....	.....	.....	.....
Operating transfers out.....	(276)	(177)	(97)	(10)	.....
Net operating transfers in (out).....	(276)	(177)	(97)	(10)	.....
NET INCOME	425,859	270,920	209,546	20,418	(915)
FUND EQUITY:					
As previously reported.....	3,996,125	2,751,615	1,609,472	140,249	1,468
Restatement.....	.....	.....	.....	.....	.....
As restated.....	3,996,125	2,751,615	1,609,472	140,249	1,468
Unrealized gain (loss) on investments...	371,634	239,856	141,899	9,225	(68)
Ending Fund Equity.....	\$ 4,793,618	\$ 3,262,391	\$ 1,960,917	\$ 169,892	\$ 485

VOLUNTEER FIREMEN	TOTALS FOR THE YEAR ENDED	
	JUNE 30, 1987	JUNE 30, 1986
\$ 3,939	\$ 643,796	\$ 916,220
405	835,252	787,795
2,082	2,488	1,850
6,426	1,481,536	1,705,865
57	57	55
.....	18	15
25	4,076	9,030
2	2	2
19	19	14
2,461	547,259	508,081
2,564	551,431	517,197
3,862	930,105	1,188,668
(9)	136	253
(9)	136	253
3,853	930,241	1,188,921
.....	.....	2
(5)	(565)	(597)
(5)	(565)	(595)
3,848	929,676	1,188,326
34,845	8,533,774	6,017,134
.....	.....	591,114
34,845	8,533,774	6,608,248
(1,777)	760,769	737,200
\$ 36,916	\$ 10,224,219	\$ 8,533,774

STATE OF WASHINGTON

Combining Statement of Changes in Financial Position Pension Trust Funds For the Fiscal Year Ended June 30, 1987 (expressed in thousands)

	PUBLIC EMPLOYEES¹	TEACHERS¹	L.E.O.F.F.	STATE PATROL	JUDICIAL
SOURCES OF WORKING CAPITAL:					
OPERATIONS:					
Working Capital Provided by					
Operations Before Changes.....\$	425,859	\$ 270,920	\$ 209,546	\$ 20,418	\$ (915)
Change in accounting principle.....					
Prior period adjustments.....					
Working Capital Provided by					
Operations and Changes.....	425,859	270,920	209,546	20,418	(915)
OTHER SOURCES:					
Decrease in investments, noncurrent...					799
Unrealized gain on investments.....	371,634	239,856	141,899	9,225	
Total Sources of Working Capital....	797,493	510,776	351,445	29,643	(116)
USES OF WORKING CAPITAL:					
Increase in investments, noncurrent...	790,609	516,834	343,694	29,690	
Unrealized loss on investments.....					68
Total Uses of Working Capital.....	790,609	516,834	343,694	29,690	68
Net Increase (Decrease) in					
Working Capital.....\$	6,884	\$ (6,058)	\$ 7,751	\$ (47)	\$ (184)
ELEMENTS OF NET INCREASE (DECREASE) IN					
WORKING CAPITAL:					
Cash and pooled investments.....\$	2,936	\$ (7,261)	\$ 2,099	\$ 798	\$ (156)
Receivables (net of allowance).....	(50,768)	(20,124)	(2,619)	(1,421)	(118)
Due from other funds.....	(91)	(150)	(42)	(3)	(16)
Due from other governments.....	53,917	20,519	8,182	588	106
Accounts payable.....	(236)	375	7	(9)	
Accrued liabilities.....	(42)	(18)			
Due to other funds.....	1,026	363	96		
Deferred revenue.....	142	238	28		
Net Increase (Decrease) in					
Working Capital.....\$	6,884	\$ (6,058)	\$ 7,751	\$ (47)	\$ (184)

VOLUNTEER FIREMEN	TOTALS FOR THE YEAR ENDED	
	JUNE 30, 1987	JUNE 30, 1986
\$ 3,848	\$ 929,676	\$ 1,188,326
.....	.....	597,450
.....	.....	(6,336)
3,848	929,676	1,779,440
.....	799	435
.....	762,614	737,200
3,848	1,693,089	2,517,075
10	1,680,837	2,480,316
1,777	1,845	.....
1,787	1,682,682	2,480,316
\$ 2,061	\$ 10,407	\$ 36,759
\$ 2,066	\$ 482	\$ 5,977
11	(75,039)	27,706
(11)	(313)	26
.....	83,312	.....
.....	137	3,372
(5)	(65)	(3)
.....	1,485	(318)
.....	408	(1)
\$ 2,061	\$ 10,407	\$ 36,759

STATE OF WASHINGTON

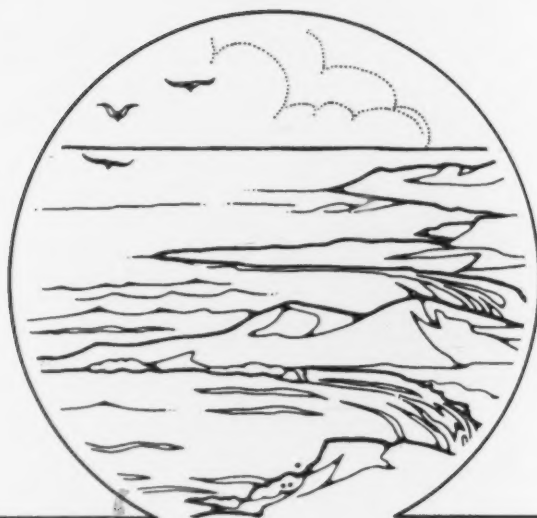
Combining Statement of Changes in Assets and Liabilities Agency Funds For the Fiscal Year Ended June 30, 1987 (expressed in thousands)

	BALANCE JULY 1, 1986	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 1987
PAYROLL FUND				
ASSETS:				
Cash and cash equivalents.....	\$ 21,641	\$ 864,346	\$ 870,777	\$ 15,210
Other receivables (net of allowance)...	1,288	.....	1,288	.....
Due from other funds.....	3	61	3	61
Total Assets.....	\$ 22,932	\$ 864,407	\$ 872,068	\$ 15,271
LIABILITIES:				
Accounts payable.....	\$ 20	\$.....	\$ 19	\$ 1
Accrued liabilities.....	22,817	617	8,359	15,075
Due to other funds.....	95	100	.....	195
Total Liabilities.....	\$ 22,932	\$ 717	\$ 8,378	\$ 15,271
SUSPENSE FUND				
ASSETS:				
Cash and cash equivalents.....	\$ 23,083	\$ 19,766	\$ 20,618	\$ 22,231
Other receivables (net of allowance)...	2,850	1,794	3,481	1,163
Due from other funds.....	497	2,405	398	2,504
Due from other governments.....	45	5,188	45	5,188
Other nonfixed assets.....	2,548	2,381	2,548	2,381
Total Assets.....	\$ 29,023	\$ 31,534	\$ 27,090	\$ 33,467
LIABILITIES:				
Accounts payable.....	\$ 3,562	\$ 307	\$ 1,657	\$ 2,212
Contracts and retainages payable.....	8,334	9,683	8,626	9,391
Accrued liabilities.....	3,491	4,440	2,706	5,225
Due to other funds.....	9,282	15,945	11,103	14,124
Due to other governments.....	4,354	2,957	4,796	2,515
Total Liabilities.....	\$ 29,023	\$ 33,332	\$ 28,888	\$ 33,467

STATE OF WASHINGTON

Combining Statement of Changes in Assets and Liabilities Agency Funds (Continued) For the Fiscal Year Ended June 30, 1987 (expressed in thousands)

	BALANCE JULY 1, 1986	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 1987
<u>MISCELLANEOUS FUND</u>				
ASSETS:				
Cash and cash equivalents.....	\$ 97,456	\$ 20,298,813	\$ 20,304,992	\$ 91,277
Other receivables (net of allowance)...	73,344	172,358	233,676	12,026
Due from other funds.....	45,652	54,441	43,880	56,213
Due from other governments.....	3,813	253	118	3,948
Investments.....	60,456	89,662	58,980	91,138
Other nonfixed assets.....	22,881	35,270	58,151	.....
Total Assets.....	<u>\$ 303,602</u>	<u>\$ 20,650,797</u>	<u>\$ 20,699,797</u>	<u>\$ 254,602</u>
LIABILITIES:				
Accounts payable.....	\$ 59,184	\$ 1,396	\$ 59,129	\$ 1,451
Contracts and retainages payable.....	1,076	376	13	1,439
Accrued liabilities.....	25,246	55,973	56,968	24,251
Due to other funds.....	63,607	34,074	31,725	65,956
Due to other governments.....	61,204	62,692	60,217	63,679
Other long-term obligations.....	93,285	39,269	34,728	97,826
Total Liabilities.....	<u>\$ 303,602</u>	<u>\$ 193,780</u>	<u>\$ 242,780</u>	<u>\$ 254,602</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS:				
Cash and cash equivalents.....	\$ 142,180	\$ 21,182,925	\$ 21,196,387	\$ 128,718
Other receivables (net of allowance)...	77,482	174,152	238,445	13,189
Due from other funds.....	46,152	56,907	44,281	58,778
Due from other governments.....	3,858	5,441	163	9,136
Investments.....	60,456	89,662	58,980	91,138
Other nonfixed assets.....	25,429	37,651	60,699	2,381
Total Assets.....	<u>\$ 355,557</u>	<u>\$ 21,546,738</u>	<u>\$ 21,598,955</u>	<u>\$ 303,340</u>
LIABILITIES:				
Accounts payable.....	\$ 62,766	\$ 1,703	\$ 60,805	\$ 3,664
Contracts and retainages payable.....	9,410	10,059	8,639	10,830
Accrued liabilities.....	51,554	61,030	68,033	44,551
Due to other funds.....	72,984	50,119	42,828	80,275
Due to other governments.....	65,558	65,649	65,013	66,194
Other long-term obligations.....	93,285	39,269	34,728	97,826
Total Liabilities.....	<u>\$ 355,557</u>	<u>\$ 227,829</u>	<u>\$ 280,046</u>	<u>\$ 303,340</u>



Washington's Water and Islands

Q: What is Washington's largest natural lake?

A: Lake Chelan--55 miles long.

Q: What is the largest tributary of the Columbia River?

A: The Snake River.

Q: What was the first massive dam built on the Columbia River?

A: Bonneville Dam, completed in 1937.

Q: What is Washington's longest lake?

A: Franklin D. Roosevelt Lake, stretching over 150 miles behind Grand Coulee Dam.

Q: At which four of the San Juan Islands do Washington State ferries make regular stops?

A: Lopez, Shaw, Orcas and San Juan.

Q: What island in Puget Sound is the longest island in the continental U. S.?

A: Whidbey Island, 60 miles long.

General Fixed Asset Account Group

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in the individual funds. Public domain (infrastructure) assets consisting of certain improvements other than buildings (including roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, lighting systems, and similar assets) are not reported in the account group.



Washington's Sports Stars

Q: What Tacoma bowler has won more money in professional bowling tournaments than any man in the sport's history?

A: Earl Anthony.

Q: What skier from Yakima was the first American to win a World Alpine Cup championship?

A: Phil Mahre, in 1981.

Q: The Washington duo of Candy Costie and Tracie Ruiz won the gold medal in what event staged for the first time at the 1984 Olympic Games?

A: Synchronized swimming.

Q: What schoolteacher from Spokane sped his way to the Indianapolis 500 title in 1983?

A: Tom Sneva.

Q: What tennis ace from Washington stunned fans by upsetting the top-ranked player in the world at the 1971 Wimbledon tournament?

A: Tom Gorman.

Q: What pair of Tacoma boxers won Olympic championships in the 1970s?

A: Sugar Ray Seales (1972--light welterweight) and Leo Randolph (1976--flyweight).

STATE OF WASHINGTON

Schedule of General Fixed Assets* By Function June 30, 1987 (expressed in thousands)

	Total	Land	Buildings	Furnishings and Equipment	Other** Improvements/ Miscellaneous	Construction in Progress
General government.....	\$ 115,188	\$ 7,814	\$ 83,258	\$ 18,797	\$ 4,790	\$ 529
Human resources.....	456,885	4,030	340,524	31,370	42,746	38,215
Natural resources and recreation.....	258,203	188,591	39,401	19,122	10,964	125
Transportation.....	78,394	12,007	41,922	18,810	.....	5,655
Education.....	1,166,114	67,076	650,619	151,182	249,866	47,371
Total General Fixed Assets.....	<u>\$ 2,074,784</u>	<u>\$ 279,518</u>	<u>\$ 1,155,724</u>	<u>\$ 239,281</u>	<u>\$ 308,366</u>	<u>\$ 91,895</u>

* Amounts displayed are net of depreciation where appropriate.

**Includes library resources, museum and art collections.

Schedule of Changes in General Fixed Assets* By Function For the Fiscal Year Ended June 30, 1987 (expressed in thousands)

	Balance July 1, 1986	Adjustments	Adjusted Balance July 1, 1986	Additions	Deletions	Balance June 30, 1987
General government.....	\$ 83,266	\$ 24,405	\$ 107,671	\$ 7,925	\$ 408	\$ 115,188
Human resources.....	426,880	(2,747)	424,133	91,308	58,556	456,885
Natural resources and recreation.....	259,145	(30,467)	228,678	31,007	1,482	258,203
Transportation.....	90,513	(29,977)	60,536	19,717	1,859	78,394
Education.....	1,089,383	(5,186)	1,084,197	112,162	30,245	1,166,114
Total General Fixed Assets.....	<u>\$ 1,949,187</u>	<u>\$ (43,972)</u>	<u>\$ 1,905,215</u>	<u>\$ 262,119</u>	<u>\$ 92,550</u>	<u>\$ 2,074,784</u>

* Amounts displayed are net of depreciation where appropriate.



Washington's Natural Disasters

Q: What caused the catastrophic Seattle fire of 1889?

A: A glue pot overturned in Jim McGough's paint shop.

Q: What severely damaged the town of Sedro Woolley on May 15, 1927?

A: Tusko, the elephant.

Q: What natural disaster shook Washington on April 13, 1949?

A: An earthquake measuring 7.1 on the Richter scale.

Q: What sank into Hood Canal on February 13, 1979?

A: The Hood Canal Floating Bridge.

Q: Major portions of which four Washington cities were gutted by fire in 1889?

A: Seattle, Ellensburg, Spokane and Vancouver all burned.

Q: What 1843 act of nature in Washington was witnessed with awe?

A: The eruption of Mt. St. Helens.

***General Long-Term
Obligations Account Group***

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Obligations Account Group, rather than in the individual funds.

STATE OF WASHINGTON

Schedule of Changes in General Long-Term Obligations For the Fiscal Year Ended June 30, 1987 (expressed in thousands)

	Bonds Payable	Benefits Payable	Installments and Leases Payable	Other Long-Term Obligations	Total General Long-Term Obligations
Balance at July 1, 1986.....	\$ 2,705,018	\$ 910,000	\$ 19,983	\$ 91,174	\$ 3,726,175
Increase in bonds payable.....	454,075	.....	.....	.....	454,075
Increase in installments payable...	.....	.....	1,058	.....	1,058
Increase in leases payable.....	.....	.....	7,144	.....	7,144
Increase in compensated absences payable.....	.....	.....	.....	2,759	2,759
Increase in estimated workers' compensation supplemental pension benefits payable.....	.....	1,436,095	.....	.....	1,436,095
Increase in other payables.....	.....	.....	.....	6,326	6,326
Retirement of principal.....	(250,391)	.....	(7,460)	(4,540)	(262,391)
Balance at June 30, 1987.....	<u>\$ 2,908,702</u>	<u>\$ 2,346,095</u>	<u>\$ 20,725</u>	<u>\$ 95,719</u>	<u>\$ 5,371,241</u>

Washington

Schedules

STATE OF WASHINGTON

Schedule of Revenues and Other Sources (Uses) - All Governmental Fund Types For the Fiscal Year Ended June 30, 1987 (expressed in thousands)

	GOVERNMENTAL FUND TYPES				TOTALS	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	YEAR ENDED JUNE 30, 1987	YEAR ENDED JUNE 30, 1986
Taxes:						
Retail sales.....	\$ 2,296,230	\$.....	\$.....	\$.....	\$ 2,296,230	\$ 2,160,748
Business and occupation.....	776,631	.....	.....	.....	776,631	737,780
Use (compensating).....	167,081	.....	.....	.....	167,081	165,664
Motor vehicle and fuel.....	2,815	443,206	.....	.....	446,021	397,963
Liquor, beer, and wine.....	71,255	9,196	.....	.....	80,451	81,270
Cigarette and tobacco.....	95,707	33,562	.....	.....	129,269	107,335
Insurance premiums.....	89,800	.....	.....	.....	89,800	76,305
Public utility.....	157,448	4,664	.....	.....	162,112	163,705
Pari-mutuels and amusements.....	4,671	.....	.....	.....	4,671	8,744
Property.....	580,492	.....	.....	.....	580,492	544,776
Motor vehicle excise.....	265,202	30,337	.....	.....	295,539	255,587
Other excise.....	152,266	130	.....	.....	152,396	108,304
Gift and inheritance.....	22,175	.....	.....	.....	22,175	17,570
Other taxes.....	97,962	88	.....	.....	98,050	89,265
Subtotal.....	4,779,735	521,183	.....	.....	5,300,918	4,915,016
Tax Credits:						
Business and occupation.....	(6,678)	.....	.....	.....	(6,678)	(8,179)
Other tax credits.....	(2,841)	.....	.....	.....	(2,841)	(2,637)
Total Taxes.....	4,770,216	521,183	.....	.....	5,291,399	4,904,200
Licenses, Permits, and Fees:						
Business and professions.....	28,733	3,039	.....	.....	31,772	28,694
Hunting and fishing.....	2,201	19,084	.....	.....	21,285	20,272
Motor vehicle.....	1,379	134,894	.....	.....	136,273	121,530
Motor vehicle operators.....	3,239	12,755	.....	.....	15,994	15,098
Other fees.....	13,974	40,195	.....	.....	54,169	42,992
Total Licenses, Permits, and Fees..	49,526	209,967	.....	.....	259,493	228,586
Federal Grants-in-Aid:						
Health and human services.....	828,988	113,574	.....	576	943,138	828,727
Department of labor.....	68,281	49,631	.....	.....	117,912	120,556
Department of agriculture.....	82,558	15,025	.....	.....	97,583	81,949
Department of transportation.....	3,168	343,039	.....	.....	346,207	363,908
Department of education.....	128,242	23,692	164	.....	152,098	129,373
Other federal grants-in-aid.....	77,621	96,629	.....	2	174,252	159,524
Total Federal Grants-in-Aid.....	1,188,858	641,590	164	578	1,831,190	1,684,037
Charges for Services:						
Tuition and student fees.....	131,034	42,094	.....	15,180	188,308	175,964
Other charges.....	24,058	70,169	.....	.....	94,227	93,213
Total Charges for Services.....	155,092	112,263	.....	15,180	282,535	269,177
Miscellaneous Revenue:						
Earnings on investments.....	29,055	44,037	6,556	2,096	81,744	100,020
Property and timber management.....	52,074	67,601	9,082	4,566	133,323	109,292
Fines and forfeitures.....	29,681	6,870	.....	.....	36,551	61,328
Contributions and grants.....	31,053	82,184	.....	.....	113,237	89,646
Other.....	14,151	33,622	4,051	8	51,832	66,029
Total Miscellaneous Revenue.....	156,014	234,314	19,689	6,670	416,687	426,315
Total Revenues.....	6,319,706	1,719,317	19,853	22,428	8,081,304	7,512,315
Other Financing Sources (Uses):						
Bond sale proceeds.....	.....	164,400	.....	116,860	281,260	306,337
Proceeds of refunding bonds.....	.....	.....	170,631	.....	170,631	811,141
Payment to refunded bond escrow agent	.....	.....	(170,340)	.....	(170,340)	(812,721)
Operating transfers in.....	175,714	109,033	298,523	59,067	642,337	657,700
Operating transfers out.....	(244,763)	(200,280)	(13,900)	(47,265)	(506,208)	(560,391)
Capital lease acquisitions.....	5,336	904	.....	90	6,330	1,599
Total Other Financing Sources(Uses)	(63,713)	74,057	284,914	128,752	424,010	403,665
Total Revenues and Other Financing Sources (Uses).....	\$ 6,255,993	\$ 1,793,374	\$ 304,767	\$ 151,180	\$ 8,505,314	\$ 7,915,980

STATE OF WASHINGTON

Schedule of Expenditures - All Governmental Fund Types For the Fiscal Year Ended June 30, 1987 (expressed in thousands)

	GOVERNMENTAL FUND TYPES				TOTALS	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	YEAR ENDED JUNE 30, 1987	YEAR ENDED JUNE 30, 1986
BY FUNCTION						
General government.....	\$ 441,866	\$ 180,323	\$ 300,983	\$ 9,479	\$ 932,651	\$ 901,995
Human resources.....	2,401,502	93,669	.....	35,565	2,530,736	2,203,488
Natural resources.....	195,868	149,635	.....	9,360	354,863	320,277
Transportation.....	28,187	831,745	.....	890	860,822	846,840
Education.....	3,125,527	486,718	.....	88,393	3,700,638	3,432,086
Total Expenditures.....	\$6,192,950	\$1,742,090	\$ 300,983	\$ 143,687	\$ 8,379,710	\$ 7,704,686
BY OBJECT						
Salaries and wages:						
Higher education.....	\$ 497,950	\$ 205,558	\$.....	\$ 922	\$ 704,430	\$ 669,756
All other.....	602,363	267,147	.....	1,774	871,284	818,713
Total Salaries and Wages.....	1,100,313	472,705	.....	2,696	1,575,714	1,488,469
Personal services.....	29,146	25,121	.....	185	54,452	53,550
Goods and services.....	370,164	249,519	.....	11,886	631,569	693,358
Travel.....	24,725	26,391	.....	143	51,259	43,278
Employee benefits.....	263,576	112,671	.....	591	376,838	354,960
Grants and subsidies:						
K-12 basic education.....	2,354,625	12,765	.....	.....	2,367,390	2,223,386
Public assistance.....	1,630,157	24,552	.....	4,492	1,659,201	1,304,551
Other miscellaneous.....	328,593	315,337	.....	2,976	646,906	624,591
Total Grants and Subsidies.....	4,313,375	352,654	.....	7,468	4,673,497	4,152,528
Other miscellaneous.....	11,344	4,693	.....	755	16,792	10,469
Capital outlay:						
Equipment.....	64,796	44,006	.....	4,251	113,053	72,053
All other.....	8,979	450,963	.....	115,248	575,190	539,934
Total Capital Outlays.....	73,775	494,969	.....	119,499	688,243	611,987
Debt Service:						
Principal.....	5,348	2,622	103,531	8	111,509	86,843
Interest.....	1,184	745	197,452	456	199,837	209,244
Total Debt Service.....	6,532	3,367	300,983	464	311,346	296,087
Total Expenditures.....	\$6,192,950	\$1,742,090	\$ 300,983	\$ 143,687	\$ 8,379,710	\$ 7,704,686

STATE OF WASHINGTON

Refunded and Defeased Long-Term Debt Governmental Debt Schedule June 30, 1987 (expressed in thousands)

Bond Issue Name	Authorized	Authorized Not Issued	Issued	Redeemed	Outstanding June 30, 1987
County-City Urban Arterials "Series II"... \$	27,030	\$.....	\$ 27,030	\$ 2,135	\$ 24,895
I-90 Highway Projects 1979 "Series CC"....	25,045	.....	25,045	535	24,510
Refunding Series 1984-B/CC-1.....	3,335	.....	3,335	.....	3,335
County-City Urban Arterials "Series AI"....	8,540	.....	8,540	.....	8,540
Urban Arterial Board, 1981 Series "III"....	16,670	.....	16,670	.....	16,670
State Highway Projects, 1981 "Series DD"...	87,795	.....	87,795	.....	87,795
Ferry System Vessels, 1977 "Series B".....	63,945	.....	63,945	4,270	59,675
Refunding Series 1984-B/B-3.....	13,340	.....	13,340	.....	13,340
Fisheries Capital Projects "Series AN"....	6,500	.....	6,500	1,050	5,450
Fisheries Facilities, 1979 "Series Y".....	2,560	.....	2,560	.....	2,560
Waste Disposal Facilities, 1972.....	87,840	.....	87,840	7,770	80,070
Waste Disposal Facilities 1980 "Series AJ"	95,315	.....	95,315	2,690	92,625
Comm. Coll. Construction 1979 "Series X"...	12,175	.....	12,175	920	11,255
Community Colleges 1981 "Series AK".....	7,300	.....	7,300	955	6,345
Capitol Campus Facilities 1975 "Series J"...	3,475	.....	3,475	370	3,105
Higher Education 1979 "Series V".....	7,168	.....	7,168	543	6,625
Higher Education 1983 "Series AW".....	9,495	.....	9,495	.....	9,495
Higher Education 1981 "Series AP".....	7,470	.....	7,470	805	6,665
Salmon Enhancement 1977 "Series Q".....	3,515	.....	3,515	.....	3,515
Higher Education 1981 "Series AQ-A".....	24,050	.....	24,050	1,620	22,430
Higher Education Facilities "Series W"....	30,568	.....	30,568	2,128	28,440
Washington State Univ. 1977 "Series O"....	145	.....	145	.....	145
Fire Service Training Center "Series AE"...	700	.....	700	.....	700
Outdoor Rec. Areas/Facilities "Series AD"...	6,585	.....	6,585	.....	6,585
Social & Health Services 1979 "Series AA"...	89,575	.....	89,575	7,670	81,905
Jail Improvement 1979 "Series AB".....	32,030	.....	32,030	2,925	29,105
State Office Buildings "Series Z".....	7,435	.....	7,435	795	6,640
Outdoor Rec. Areas/Facilities "Series AG"...	11,585	.....	11,585	370	11,215
Common School Plant Facilities "Series AC"...	17,925	.....	17,925	710	17,215
Performing Arts Facilities "Series AH"....	1,500	.....	1,500	160	1,340
Handicapped Facilities 1979 "Series AI"....	19,480	.....	19,480	1,660	17,820
Water Supply Facilities 1979 "Series AF"...	10,000	.....	10,000	1,340	8,660
Public Water Supply Facilities "Series AM"...	25,895	.....	25,895	805	25,090
State Buildings & Facilities "Series AO"...	10,795	.....	10,795	805	9,990
Social & Health Services 1981 "Series AL"...	96,550	.....	96,550	4,040	92,510
Local Jail Improvement 1981 "Series AU"...	81,650	.....	81,650	.....	81,650
State Buildings & Facilities "Series AV"...	42,955	.....	42,955	.....	42,955
Fisheries Facilities 1983 "Series AX".....	990	.....	990	.....	990
Total Governmental	\$ 998,926	\$.....	\$ 998,926	\$ 47,071	\$ 951,855
Total Retained in Escrow	\$ 998,926	\$.....	\$ 998,926	\$ 47,071	\$ 951,855

NOTE: Secured by U.S. government obligations, excluded from debt totals.

STATE OF WASHINGTON

Refunded and Defeased Long-Term Debt Proprietary Debt Schedule June 30, 1987 (expressed in thousands)

Bond Issue Name	Authorized	Authorized Not Issued	Issued	Redeemed	Outstanding June 30, 1987
State Board for Community Colleges:					
1969.....	\$ 22,000	\$	\$ 22,000	\$ 22,000	\$
1971.....	21,000	.....	21,000	21,000	.....
1972, Series A.....	10,000	.....	10,000	2,880	7,120
Series C.....	10,000	.....	10,000	2,710	7,290
Total State Board for Community Colleges.....	63,000	.....	63,000	48,590	14,410
Eastern Washington University:					
1965, Series A.....	2,955	.....	2,955	1,670	1,285
1972, Series C.....	2,600	.....	2,600	1,155	1,445
1973, Series D.....	1,111	.....	1,111	856	255
Total Eastern Washington University...	6,666	.....	6,666	3,681	2,985
Central Washington University:					
1966, Series A.....	2,900	.....	2,900	1,620	1,280
1973, Series C.....	3,025	.....	3,025	2,255	770
Total Central Washington University...	5,925	.....	5,925	3,875	2,050
Western Washington University:					
1965, Series A.....	3,850	.....	3,850	2,165	1,685
1968, Series B.....	1,250	.....	1,250	515	735
1973, Series D.....	4,720	.....	4,720	1,650	3,070
Total Western Washington University...	9,820	.....	9,820	4,330	5,490
The Evergreen State College:					
1975, Series C.....	1,032	.....	1,032	.....	1,032
Total The Evergreen State College.....	1,032	.....	1,032	.....	1,032
Washington State University:					
1963, Series A.....	4,580	.....	4,580	2,990	1,590
1966.....	2,875	.....	2,875	1,645	1,230
1969, Series A.....	2,890	.....	2,890	1,043	1,847
1969, Series B.....	2,855	.....	2,855	1,590	1,265
1972, Series A.....	5,500	.....	5,500	1,655	3,845
1974.....	750	.....	750	325	425
Total Washington State University.....	19,450	.....	19,450	9,248	10,202
University of Washington:					
1959, Series B.....	2,750	.....	2,750	2,315	435
1960, Series C.....	2,000	.....	2,000	1,625	375
1961, Series D.....	3,000	.....	3,000	2,193	807
1962, Series E.....	3,000	.....	3,000	2,193	807
1964, Series F.....	1,500	.....	1,500	960	540
1965, Series G.....	5,250	.....	5,250	3,270	1,980
1967, Series H.....	3,200	.....	3,200	1,805	1,395
Series I.....	1,800	.....	1,800	955	845
1969, Series J.....	4,000	.....	4,000	1,425	2,575
1966, Parking System Revenue.....	2,500	.....	2,500	1,420	1,080
1969, Parking System Revenue.....	3,500	.....	3,500	1,320	2,180
Higher Education-UW Hospital "Series AQ/B"	40,340	.....	40,340	1,125	39,215
Total University of Washington.....	72,840	.....	72,840	20,606	52,234
Total Proprietary	\$ 178,733	\$	\$ 178,733	\$ 90,330	\$ 88,403
Total Retained in Escrow	\$ 178,733	\$	\$ 178,733	\$ 90,330	\$ 88,403

NOTE: Secured by U.S. government obligations, excluded from debt totals.

STATE OF WASHINGTON

Details of Bond Sale Proceeds For the Year Ended June 30, 1987 (amounts expressed in thousands)

<u>Special Revenue Fund Type</u>		<u>Bond Type</u>	<u>Amount</u>
01C	Local Jail Improvement & Construction Account.....	Capital-Jail Construction.....	\$ 5,000
051	State & Local Improvements Revolving Account.....	Capital-Waste Disposal Facilities.....	2,000
055	State & Local Improvements Revolving Acct., 1980..	Capital-Waste Disposal Facilities.....	20,000
072	State & Local Improvements Revolving Account.....	Capital-Water Supply Facilities.....	10,000
079	Economic Development Account.....	Capital-Highway Construction.....	400
108	Motor Vehicle Fund.....	Capital-State Highway Construction.....	97,000
112	Urban Arterial Trust Account.....	Capital-Road Construction (City & County)...	30,000
Gross Bond Proceeds - Special Revenue Fund Type.....			<u>164,400</u>
<u>Capital Projects Fund Type</u>			
01L	Higher Education Construction Account.....	Capital-Higher Education.....	\$ 2,000
053	Salmon Enhancement Construction Account.....	Capital-Salmon Enhancement Projects.....	3,200
056	State Higher Education Construction Account.....	Capital-Higher Education.....	30,000
057	State Building Construction Account.....	Capital-State Bldgs & Facilities.....	20,000
067	Higher Education Reimbursement Bond Account.....	Capital-Higher Education.....	5,000
075	State Social & Health Services Construction Acct..	Capital-DSHS/Corrections Facilities.....	20,660
078	Fisheries Capital Projects Account.....	Capital-Fisheries Capital Projects.....	1,000
088	State Facilities Renewal Account.....	Capital-State Facilities Renewal.....	35,000
Gross Bond Proceeds - Capital Projects Fund Type.....			<u>116,860</u>
Total Bond Proceeds - All Governmental Fund Types			<u>\$ 281,260</u>

Washington

***Statistical
Section***

STATE OF WASHINGTON

Revenues and Other Sources (Uses) - All Governmental Fund Types Fiscal Years 1978 thru 1987 (dollars in millions)

SOURCE	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978
Taxes:										
Retail sales.....	\$2,296.2	\$2,160.7	\$2,009.7	\$1,970.7	\$1,655.1	\$1,376.3	\$1,163.4	\$1,113.1	\$1,001.6	\$ 992.3
Business and occupation.....	776.6	737.8	731.5	678.0	576.7	522.8	448.6	396.6	408.5	306.6
Compensating.....	167.1	165.7	178.2	148.9	120.3	106.3	97.8	94.5	99.6	76.4
Fuel.....	446.0	398.0	371.7	339.8	240.7	259.8	246.8	254.6	248.8	232.6
Alcoholic beverages.....	80.1	81.3	81.8	84.7	85.7	80.8	77.8	63.5	65.4	61.8
Tabacco.....	129.3	107.3	97.4	99.0	104.5	94.2	80.3	65.0	65.2	59.9
Insurance premium.....	89.8	76.3	63.1	54.8	52.0	45.4	59.2	42.1	39.0	34.5
Utility.....	162.1	163.7	151.6	129.6	164.5	139.5	107.5	106.0	86.5	78.2
Property.....	580.5	544.8	503.1	472.3	447.9	397.9	354.9	322.9	278.3	235.0
Excise.....	447.9	363.9	325.3	313.6	256.7	215.8	171.7	148.6	145.3	114.2
Gift and inheritance....	22.2	17.6	20.4	20.2	28.1	56.2	54.3	54.6	50.7	45.5
Other (less credits)....	93.6	87.1	72.7	4.6	32.3	19.6	87.5	78.6	66.4	54.3
Total Taxes.....	5,291.4	4,904.2	4,606.5	4,316.2	3,764.5	3,314.6	2,949.8	2,740.1	2,555.3	2,291.3
Licenses, permits, & fees.....	259.5	228.6	222.0	213.2	209.4	181.3	150.6	142.8	133.8	126.9
Federal grants-in-aid.....	1,831.2	1,684.0	1,650.6	1,337.0	1,309.0	1,283.2	1,505.3	1,108.7	1,033.7	817.6
Charges & misc. revenue....	617.5	595.5	543.2	511.2	446.7	432.1	663.8	672.8	678.0	507.3
Earnings on investments....	81.7	100.0	119.5	89.6	88.8	95.8	88.1	116.1	93.8	41.6
Total Revenue.....	8,081.3	7,512.3	7,141.8	6,467.2	5,818.4	5,307.0	5,357.6	4,780.5	4,494.6	3,784.7
Bond sale proceeds.....	281.5	304.6	325.7	439.1	237.1	391.1	239.1	144.4	86.3	92.0
Operating transfer in (out)	136.1	97.4	109.0	115.5	113.7	(47.2)	30.8	33.3	44.5	(113.1)
Capital lease acquisitions	6.4	1.6	11.7	2.7	2.9	.....	.....	.....	.....	.....
Total Revenues and Other Sources (Uses)...	\$8,505.3	\$7,915.9	\$7,588.2	\$7,024.5	\$6,172.1	\$5,650.9	\$5,627.5	\$4,958.2	\$4,625.4	\$3,763.6

Note: --Data for FY 1978 to FY 1981 is per State of Washington Central Accounting System, Non-GAAP Budgetary Basis.
--Data for FY 1982 to FY 1987 is per State of Washington Annual Financial Reporting System, GAAP Basis.

Expenditures - All Governmental Fund Types Fiscal Years 1978 thru 1987 (dollars in millions)

	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978
BY FUNCTION										
General government.....	\$ 932.7	\$ 902.0	\$1,097.7	\$ 918.4	\$ 756.1	\$ 522.5	\$ 775.4	\$ 750.7	\$ 624.4	\$ 529.1
Human resources.....	2,530.7	2,203.5	2,153.8	1,959.7	1,718.0	1,518.7	1,593.7	1,329.8	1,083.1	1,034.2
Natural resources.....	354.9	320.3	277.2	248.9	226.4	218.0	208.8	186.2	184.1	145.0
Transportation.....	860.8	846.8	831.0	621.3	684.7	631.4	654.4	589.5	507.4	327.0
Education.....	3,700.6	3,432.1	3,230.8	2,985.0	2,941.0	2,863.1	2,590.1	2,172.4	1,899.9	1,578.8
Total By Function.....	\$8,379.7	\$7,704.7	\$7,590.5	\$6,733.3	\$6,326.2	\$5,753.7	\$5,822.4	\$5,028.6	\$4,298.9	\$3,614.1
BY OBJECT										
Salaries and wages.....	\$1,575.7	\$ 1,488.5	\$ 1,417.4	\$ 1,317.5	\$1,204.4	\$1,179.2	\$1,046.4	\$1,051.4	\$ 934.3	\$ 841.6
Personal service contract.....	54.5	53.6	56.6	34.4	28.6	26.4	32.4	23.0	21.4	13.0
Goods and services.....	631.6	693.3	630.7	573.2	542.4	533.3	900.8	783.3	706.3	450.4
Travel.....	51.3	43.3	42.2	39.6	34.1	32.4	37.0	33.9	31.0	25.0
Employee benefits.....	376.8	355.0	314.8	287.4	265.5	243.0	227.6	193.7	174.4	144.2
Grants and subsidies.....	4,673.5	4,152.5	3,991.6	3,738.7	3,430.0	3,084.3	5,069.6	2,692.5	2,220.9	1,946.2
Debt service.....	311.3	296.1	442.0	250.3	196.7	176.4	136.1	129.1	122.7	110.9
Capital outlays.....	688.2	612.0	681.2	491.5	618.2	553.1	437.1	242.1	272.8	179.1
Other charges, credits....	16.8	10.4	14.0	0.7	6.3	(74.4)	(64.6)	(120.4)	(184.9)	(96.3)
Total by Object.....	\$8,379.7	\$7,704.7	\$7,590.5	\$6,733.3	\$6,326.2	\$5,753.7	\$5,822.4	\$5,028.6	\$4,298.9	\$3,614.1

Note: --Data for FY 1978 to FY 1981 is per State of Washington Central Accounting System, Non-GAAP Budgetary Basis.
--Data for FY 1982 to FY 1987 is per State of Washington Annual Financial Reporting System, GAAP Basis.

STATE OF WASHINGTON

Revenues and Other Sources (Uses) - General Fund Fiscal Years 1978 thru 1987 (dollars in millions)

Source	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978
Taxes:										
Retail sales.....	\$2,296.2	\$2,160.7	\$1,968.8	\$1,927.9	\$1,610.7	\$1,341.4	\$1,125.5	\$1,074.6	\$ 966.2	\$ 958.0
Business & occupation...	776.6	737.8	731.5	678.0	576.7	522.8	448.6	396.6	408.5	306.6
Compensating.....	167.1	165.7	178.2	148.9	120.3	106.3	97.8	94.4	99.6	76.4
Alcoholic beverages.....	71.3	72.2	73.2	75.7	76.6	70.8	67.1	55.1	56.9	53.9
Tobacco.....	95.7	96.6	97.4	99.0	104.4	94.2	80.3	62.6	62.8	57.6
Insurance premiums.....	89.8	76.3	63.1	54.8	52.0	45.4	59.2	42.1	39.0	34.5
Utility.....	157.4	163.7	151.6	129.6	164.5	139.5	107.6	106.0	86.5	78.2
Property.....	580.5	544.8	503.1	472.3	447.9	397.9	354.9	322.9	278.3	235.0
Excise.....	417.5	337.7	277.3	248.9	233.2	193.5	149.1	129.8	125.9	103.4
Gift and inheritance....	22.2	17.6	20.4	20.2	28.1	56.2	54.3	54.6	50.7	45.5
Other (less credits)....	95.9	85.4	71.0	1.2	32.7	19.9	84.7	77.8	65.3	56.7
Total Taxes.....	4,770.2	4,458.5	4,135.6	3,856.5	3,447.1	2,987.9	2,629.1	2,416.5	2,239.7	2,005.8
Licenses, permits, & fees.	49.5	40.8	37.9	36.3	34.2	30.0	25.3	21.7	21.9	20.0
Federal grants-in-aid....	1,188.9	1,038.3	1,005.1	832.0	761.9	758.4	893.6	613.3	609.7	478.5
Charges & misc. revenue...	282.0	249.3	215.3	217.6	182.1	184.5	270.1	152.0	143.1	101.5
Earnings on investments...	29.1	25.2	32.2	31.5	26.3	28.4	18.2	54.0	40.4	15.3
Total Revenues.....	6,319.7	5,812.1	5,426.1	4,973.9	4,451.6	3,989.2	3,836.3	3,257.5	3,054.8	2,621.1
Operating transfer in(out)	(69.0)	(68.3)	39.8	29.9	40.7	(8.4)	20.5	27.2	51.2	58.0
Capital lease acquisitions	5.3	1.5	4.6	1.2	.....	.....	.....	.....	.....	.....
Total Revenues and Other Sources (Uses)....	\$6,256.0	\$5,745.3	\$5,470.5	\$5,005.0	\$4,492.3	\$3,980.8	\$3,856.8	\$3,284.7	\$3,106.0	\$2,679.1

Note: --Data for FY 1978 to FY 1981 is per State of Washington Central Accounting System, Non-GAAP Budgetary Basis.
--Data for FY 1982 to FY 1987 is per State of Washington Annual Financial Reporting System, GAAP Basis.

Expenditures - General Fund Fiscal Years 1978 thru 1987 (dollars in millions)

	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978
BY FUNCTION										
General government.....	\$ 441.9	\$ 439.5	\$ 519.4	\$ 538.0	\$ 422.6	\$ 231.4	\$ 404.6	\$ 392.2	\$ 309.0	\$ 290.1
Human resources.....	2,401.5	2,078.2	1,952.4	1,762.1	1,602.6	1,418.1	1,461.1	1,254.3	1,012.1	971.5
Natural resources.....	195.9	174.8	144.8	123.1	169.9	169.7	120.2	102.2	95.6	84.1
Transportation.....	28.2	23.3	21.8	16.5	17.9	17.3	20.9	13.1	10.5	9.0
Education.....	3,125.5	2,946.1	2,671.5	2,512.8	2,378.3	2,337.6	1,992.2	1,770.3	1,483.1	1,252.9
Total by Function.....	\$6,193.0	\$ 5,661.9	\$5,309.9	\$4,952.5	\$4,591.3	\$4,174.1	\$3,999.0	\$3,532.1	\$2,910.3	\$2,607.6
BY OBJECT										
Salaries and wages.....	\$1,100.3	\$ 1,040.5	\$ 959.2	\$ 903.2	\$ 803.3	\$ 796.2	\$ 781.1	\$ 730.7	\$ 629.5	\$ 581.5
Personal service contract.	29.1	22.5	20.3	15.9	16.8	15.7	16.6	12.4	12.1	8.5
Goods and services.....	370.2	455.9	331.1	317.8	257.0	242.6	237.2	212.8	208.0	166.6
Travel.....	24.7	20.0	19.5	17.9	12.9	11.9	14.5	14.2	13.2	10.6
Employer benefits.....	263.6	252.1	220.1	198.2	171.2	146.7	139.3	124.0	108.5	92.8
Grants and subsidies.....	4,313.4	3,818.7	3,690.3	3,443.7	3,281.8	2,937.0	2,837.8	2,461.7	2,015.9	1,769.5
Capital outlays.....	73.8	40.6	55.0	41.7	45.0	31.3	61.5	36.8	44.3	32.3
Other charges, credits....	17.9	11.6	14.4	14.1	3.3	(7.3)	(89.0)	(60.5)	(121.2)	(54.2)
Total by Object.....	\$6,193.0	\$ 5,661.9	\$5,309.9	\$4,952.5	\$4,591.3	\$4,174.1	\$3,999.0	\$3,532.1	\$2,910.3	\$2,607.6

Note: --Data for FY 1978 to FY 1981 is per State of Washington Central Accounting System, Non-GAAP Budgetary Basis.
--Data for FY 1982 to FY 1987 is per State of Washington Annual Financial Reporting System, GAAP Basis.

**Full-Time Equivalent Staff Comparison
Allotted Funds
Fiscal Years 1978 Thru 1987**

Function	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978
General government	6,239	5,944	5,825	5,646	5,568	5,458	5,685	5,443	5,272	4,741
Human resources	22,649	21,757	21,126	20,496	19,147	18,772	18,838	18,330	17,508	17,115
Natural resources and recreation	4,888	4,813	4,657	4,330	4,058	4,220	4,589	4,486	4,427	4,197
Transportation	8,655	8,545	8,489	7,951	7,640	7,722	7,926	8,128	7,948	7,675
Education	29,876	28,911	28,551	27,991	27,446	28,098	29,537	28,958	28,392	26,961
Total Regular	72,307	69,970	68,648	66,414	63,859	64,270	66,575	65,345	63,547	60,689
Special employment programs	0	341	331	310	352	446	1,553	1,481	1,533	1,867
Total State	72,307	70,311	68,979	66,724	64,211	64,716	68,128	66,826	65,080	62,556

Source: Washington State Office of Financial Management.

Note: --An FTE is one full calendar year of paid employment, or the equivalent of 2,088 hours (the number of available work-hours in a year). It is not the number of employees on the payroll, nor is it the number of positions in state government. It is a computed average number of state employees based upon cumulative FTE staff months during one fiscal year or cumulative hours paid during one fiscal year.

--The full-time equivalent staff years can be computed two ways:

1. By accumulating all full-time equivalent staff months for a full year and dividing by twelve (12).
2. By accumulating all paid hours for one full year and dividing by 2,088 (the available work hours in a year).

**Full-Time Equivalent Staff Comparison
General Fund
Fiscal Years 1978 thru 1987**

Function	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978
General government	2,458	2,356	2,397	2,272	2,322	2,329	2,534	2,452	2,477	2,088
Human resources	13,166	13,235	12,250	11,743	10,308	10,002	9,572	9,894	9,183	9,114
Natural resources and recreation	2,191	2,238	1,988	1,762	1,561	1,816	1,979	2,133	1,748	1,876
Transportation	368	326	297	296	333	301	297	286	243	226
Education	18,325	18,036	17,664	17,672	16,130	16,984	17,894	19,195	18,303	17,554
Total	36,508	36,191	34,596	33,745	30,654	31,432	32,276	33,960	31,954	30,858

Source: Washington State Office of Financial Management.

Note: --An FTE is one full calendar year of paid employment, or the equivalent of 2,088 hours (the number of available work-hours in a year). It is not the number of employees on the payroll, nor is it the number of positions in state government. It is a computed average number of state employees based upon cumulative FTE staff months during one fiscal year or cumulative hours paid during one fiscal year.

--The full-time equivalent staff years can be computed two ways:

1. By accumulating all full-time equivalent staff months for a full year and dividing by twelve (12).
2. By accumulating all paid hours for one full year and dividing by 2,088 (the available work hours in a year).

STATE OF WASHINGTON

Total Resident Population and Components of Change Years 1978 through 1987 (figures in thousands)

	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978
Population (3).....	4,481.1	4,419.7	4,384.1	4,328.1	4,285.1	4,264.0	4,226.6	4,132.2	3,979.2	3,836.2
Population change										
Number.....	61.4	35.6	56.0	43.0	21.1	37.4	94.4	153.0	143.0	120.8
Percent.....	1.4	0.8	1.3	1.0	0.5	0.9	2.3	3.8	3.7	3.3
Births number.....	70.2	70.2	69.1	68.5	69.5	70.1	68.2	65.4	60.2	57.3
Deaths number.....	33.9	34.0	34.0	33.2	32.5	31.7	31.8	31.3	30.2	30.4
Net migration number	25.1	(0.6)	20.9	7.8	(15.8)	(0.9)	58.1	119.0	113.0	94.0

Note: --The 1981 estimate for the State was recalculated using 1980 population counts by age which were not available in the spring of 1981.

--Births, deaths and migration year figures are April through March.

--Population figures are as of April 1 of each year.

--Birth and death figures are estimated for the year 1987.

Source: Washington State Office of Financial Management.
1987 Population Trends for Washington State; October 1987.

Employment Comparison Washington vs. United States Calendar Years 1977 thru 1986 (figures in thousands)

Total Civilian	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977
Labor Force										
Washington State..	2,179.2	2,086.3	2,050.2	2,068.6	2,024.3	1,996.6	1,984.8	1,937.0	1,808.2	1,692.2
Percent change....	4.5	1.8	(0.9)	2.2	1.4	0.6	2.5	7.1	6.9	4.6
United States.....	117,800.0	115,464.0	113,530.9	111,517.6	110,245.7	108,671.0	106,973.0	104,961.0	102,233.0	98,984.0
Percent change....	2.0	1.7	1.8	1.2	1.4	1.6	1.9	2.7	3.3	2.9
Employment										
Washington State..	2,000.0	1,916.8	1,856.5	1,838.0	1,778.6	1,806.1	1,828.3	1,805.9	1,684.0	1,544.1
Percent change....	4.3	3.2	1.0	3.3	(1.5)	(1.2)	1.2	7.2	9.1	4.3
United States.....	109,600.0	107,154.4	105,005.0	100,824.2	99,531.0	100,396.0	99,303.0	98,825.0	96,046.0	92,017.0
Percent change....	2.3	2.0	4.1	1.3	(0.9)	1.1	0.5	2.9	4.4	3.7

Source: Washington State Department of Employment Security.
U.S. Department of Labor, Bureau of Labor Statistics.
Washington State Department of Revenue.

Labor Force and Employment by Sector
Calendar Years 1977 thru 1986
(in thousands)

	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977
RESIDENT CIVILIAN LABOR FORCE AND EMPLOYMENT IN WASHINGTON STATE(1)										
Civilian labor force.....	2,179.2	2,086.3	2,050.2	2,068.6	2,024.3	1,996.6	1,984.8	1,937.0	1,808.2	1,692.2
Unemployment.....	179.2	169.5	193.7	230.6	245.7	190.5	156.5	131.1	124.2	148.1
Total Employment.....	2,000.0	1,916.8	1,856.5	1,838.0	1,778.6	1,806.1	1,828.3	1,805.9	1,684.0	1,544.1
Unemployment percentage rate.....	8.2%	8.1%	9.4%	11.1%	12.1%	9.5%	7.9%	6.8%	6.9%	8.8%
NON-AGRICULTURAL WAGE AND SALARY WORKERS EMPLOYED IN WASHINGTON STATE										
Manufacturing:										
Food processing.....	31.0	31.0	30.8	31.1	31.8	31.7	32.0	32.9	32.8	31.6
Lumber and wood.....	38.0	38.3	41.3	42.2	39.4	44.4	47.0	53.9	55.1	54.0
Paper and pulp.....	16.9	16.7	16.2	15.8	16.1	17.2	17.6	15.9	14.0	17.6
Chemicals.....	11.5	11.3	10.5	10.1	9.5	9.2	8.7	8.6	7.9	7.3
Metals and machinery...	51.8	51.6	51.6	47.6	50.8	53.5	54.6	54.0	49.0	44.2
Aerospace.....	85.0	76.0	66.6	65.0	74.9	79.0	79.6	72.6	59.8	46.1
Other transportation equipment.....	12.6	13.5	15.6	15.2	17.2	18.4	18.7	21.0	20.0	16.6
Other manufacturing....	57.8	56.9	55.5	51.4	49.3	49.9	50.6	50.7	46.2	42.7
Total Manufacturing..	304.6	295.3	288.1	278.3	289.0	303.3	308.8	309.7	284.7	260.1
Non-Manufacturing:										
Construction.....	85.2	80.4	79.5	74.2	76.4	90.4	93.0	104.2	92.6	77.5
Transportation, communications & utilities.	95.8	93.6	91.2	87.9	89.0	90.1	91.4	89.4	83.8	78.8
Trade.....	434.7	421.1	411.5	393.8	385.4	388.2	381.4	379.2	357.8	329.0
Finance, insurance and real estate.....	105.2	99.6	95.7	92.3	90.7	92.3	91.8	89.4	83.3	75.0
Services and misc. (2).	395.9	377.7	359.2	335.5	319.9	321.4	311.7	293.8	275.2	251.6
State & local govt....	279.4	272.8	265.7	256.4	252.2	259.9	263.0	250.7	244.6	232.9
Federal civilian govt..	70.1	70.1	68.9	67.6	66.3	66.5	67.9	64.7	63.6	61.9
Total Non-Manuf.....	1,466.3	1,415.3	1,371.6	1,307.7	1,279.8	1,308.8	1,300.2	1,271.4	1,200.8	1,106.8
Total Wage and Salary Workers....	1,770.9	1,710.6	1,659.7	1,586.0	1,568.8	1,612.1	1,609.0	1,581.1	1,485.5	1,366.9

Figures May Not Total Due to Rounding

(1) Average of Monthly Data

(2) Includes Mining and Quarrying

Source: Washington State Department of Revenue

Average Annual Wage Rates
Calendar Years 1977 thru 1986

	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977
Construction.....\$	22,023	21,987	22,338	23,740	25,383	24,533	22,048	19,902	18,015	16,580
Finance, insurance and real estate.....	22,553	21,174	19,953	19,574	18,551	16,754	15,328	14,021	12,889	11,581
Federal government.....	25,970	25,488	24,926	24,596	22,762	21,215	19,662	18,631	17,456	16,460
State and local govt....	19,746	19,016	18,008	17,327	16,765	15,766	14,273	13,138	11,721	11,069
Mining.....	28,959	28,063	27,316	25,872	25,500	23,940	22,059	20,788	18,564	17,036
Transportation, communications & utilities.....	27,219	26,907	26,460	26,134	24,487	23,213	21,036	19,452	17,975	16,388
Services.....	15,862	15,666	15,194	15,157	14,876	14,456	13,197	11,994	10,871	9,974
Retail trade.....	12,049	11,953	11,655	11,594	11,179	10,608	9,938	9,335	8,722	8,177
Wholesale trade.....	23,201	22,831	22,229	21,602	21,175	20,516	18,992	17,231	15,674	14,495

Source: Washington State Department of Revenue

STATE OF WASHINGTON

Personal Income Comparison Washington vs. United States Calendar Years 1977 thru 1986 (dollars in billions)

	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977
CURRENT DOLLARS										
Washington										
Amount.....	64.97	61.19	57.86	54.50	51.55	49.46	44.57	39.49	34.26	29.16
Percent change.....	6.2	5.8	6.2	5.7	4.2	11.0	12.9	15.3	17.5	11.8
U.S.										
Amount.....	3,534.30	3,327.00	3,108.80	2,838.60	2,670.80	2,520.90	2,258.40	2,033.90	1,812.40	1,607.50
Percent change.....	6.2	7.0	9.5	6.3	5.9	11.6	11.0	12.2	12.7	10.8
1982 CONSTANT DOLLARS										
Washington										
Amount.....	56.87	54.75	53.56	52.35	51.55	52.28	51.46	50.53	47.88	43.70
Percent change.....	3.9	2.2	2.3	1.6	(1.4)	1.6	1.8	5.5	9.6	4.9
U.S.										
Amount.....	3,093.50	2,977.20	2,877.30	2,726.60	2,671.10	2,664.50	2,607.70	2,602.60	2,533.10	2,409.10
Percent change.....	3.9	3.5	5.5	2.1	0.2	2.2	0.2	2.7	5.1	3.9

Source: Washington State Department of Revenue

Personal Income by Component Calendar Years 1977 thru 1986 (dollars in billions)

	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977
Total Personal Income....	64.969	61.185	57.862	54.502	51.548	49.461	44.569	39.492	34.255	29.157
Percent change.....	6.2	5.7	6.2	5.7	4.2	11.0	12.9	15.3	17.5	11.8
Total Earnings.....	46.480	43.105	40.721	38.369	36.542	35.861	33.369	30.318	26.332	22.309
Percent change.....	7.8	5.9	6.1	5.0	1.9	7.5	10.1	15.1	18.0	12.6
Wages & salaries.....	37.518	35.175	33.083	31.177	30.239	29.528	26.938	24.316	20.864	17.805
Percent change.....	6.7	6.3	6.1	3.1	2.4	9.6	10.8	16.5	17.2	12.9
Other labor income.....	3.469	3.193	3.009	2.907	2.803	2.604	2.371	2.033	1.733	1.434
Percent change.....	8.6	6.1	3.5	3.7	7.6	9.8	16.6	17.3	20.9	21.5
Farm proprietor's inc..	0.836	0.596	0.821	0.879	0.611	0.733	0.729	0.618	0.654	0.440
Percent change.....	40.3	(27.4)	(6.6)	43.9	(16.6)	0.5	18.0	(5.5)	48.6	(18.4)
Non-farm proprietor's income.....	4.657	4.141	3.808	3.406	2.889	2.996	3.331	3.351	3.081	2.630
Percent change.....	12.5	8.7	11.8	17.9	(3.6)	(10.1)	(0.6)	8.8	17.1	13.6
Less: personal contrib. for social insurance...	2.746	2.534	2.279	2.110	2.024	1.888	1.619	1.459	1.248	1.147
Percent change.....	8.4	11.2	8.0	4.2	7.2	16.6	11.0	16.9	8.8	7.7
Plus: residence adjust...	0.724	0.746	0.739	0.703	0.660	0.614	0.394	0.334	0.277	0.234
Percent change.....	(2.9)	0.9	5.1	6.5	7.5	55.8	18.0	20.6	18.4	(8.3)
Dividends/interest/rent	10.560	10.423	9.922	8.996	8.363	7.766	6.268	5.261	4.412	3.653
Percent change.....	1.3	5.0	10.3	7.6	7.7	23.9	19.1	19.2	20.8	12.8
Transfer payments.....	9.953	9.447	8.760	8.545	8.009	7.109	6.159	5.036	4.483	4.108
Percent change.....	5.4	7.8	2.5	6.7	12.7	15.4	22.3	12.3	9.1	7.0

Figures May Not Total Due to Rounding

Source: Washington State Department of Revenue

Property Tax Valuations and Average Tax Rates
Calendar Years 1977 thru 1986 by Year Due
(dollars in billions)

	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977
Assessed valuation (1)										
County.....	145.596	141.743	134.963	137.936	118.395	105.678	73.063	63.105	56.089	48.357
State.....	6.849	6.454	5.804	5.476	4.905	4.195	3.728	3.478	3.079	3.024
Total.....	152.445	148.197	140.767	143.412	123.300	109.873	76.791	66.583	59.168	51.381
Percent change.....	2.9%	5.3%	-1.8%	16.3%	12.2%	43.1%	15.3%	12.5%	15.2%	13.7%
Total taxes levied.....	1.784	1.678	1.509	1.434	1.243	1.129	1.006	1.064	1.002	0.927
Percent change.....	6.3%	11.2%	5.2%	15.4%	10.1%	12.1%	-5.4%	6.2%	8.1%	27.5%
Average tax rate in dollars per thousand(2).	11.79	11.44	10.83	10.06	10.10	10.28	13.11	15.98	16.94	18.05

(1) County assessed valuations as equalized by the county boards of equalization, and state assessed valuations are valuations of intercounty utilities and private car companies as equalized by the State Board of Equalization for county purposes.

(2) Total taxes levied divided by total assessed valuation. All years adjusted to dollars per thousand levied on 100% assessment level.

Source: Washington State Department of Revenue, Property Tax Division.

Selected Financial Ratios
Calendar Years 1977 thru 1986

	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977
State bond debt per capita	682.17	614.96	580.18	527.19	438.56	357.00	317.51	332.73	319.84	301.18
State bond debt/percent of personal income.....	4.96%	4.85%	4.54%	4.32%	3.76%	3.17%	3.08%	3.50%	3.73%	3.99%
Total debt service/percent of personal income.....	0.51%	0.60%	0.86%	0.41%	1.21%	0.53%	0.30%	0.32%	0.34%	0.35%
State bond debt/percent of market value of taxable property.....	1.83%	1.68%	1.60%	1.50%	1.20%	1.04%	1.03%	1.27%	1.45%	1.61%
Factors:										
Population (millions) (1).	4.430	4.384	4.328	4.285	4.264	4.227	4.132	3.979	3.836	3.715
Personal income (billions) (2).....	60.964	58.586	55.472	52.030	49.814	47.600	42.510	37.878	32.913	28.032
Total debt service (in millions) (3).....	308	350	475	213	599	252	125	120	112	99
Market value of taxable property (in billions)(4)	165.251	160.193	156.995	150.999	156.893	144.466	127.698	103.916	84.489	69.460
State bond debt (in billions) (3).....	3.022	2.696	2.511	2.259	1.870	1.509	1.312	1.324	1.227	1.119

Sources: (1) Washington State Office of Financial Management.
1987 Population Trends for Washington State, October 1987.
(2) Office of the Forecast Council, September 1986.
(3) Washington Office of State Treasurer, February 1987.
(4) Washington State Department of Revenue.

NOTE: Inventory removed from tax base in 1983.

STATE OF WASHINGTON

Ratio of Annual Debt Service to Expenditures All Governmental Funds Fiscal Years 1978 thru 1987 (dollars in millions)

	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978
Principal.....	\$ 111.5	\$ 86.8	\$ 86.4	\$ 73.2	\$ 60.9	\$ 57.3	\$ 54.6	\$ 52.2	\$ 49.4	\$ 48.1
Interest.....	199.8	209.5	193.8	177.1	135.8	119.1	81.5	76.9	73.3	62.8
Total Debt Service(1)(2)...	\$ 311.3	\$ 296.3	\$ 280.2	\$ 250.3	\$ 196.7	\$ 176.4	\$ 136.1	\$ 129.1	\$ 122.7	\$ 110.9
Total Governmental Funds Expenditures (1)(2)(3)....	\$8,379.7	\$7,704.7	\$7,428.7	\$6,733.3	\$6,326.2	\$5,753.7	\$5,822.4	\$5,028.6	\$ 4,298.9	\$3,614.1
Ratio Debt Service to Governmental Funds Expenditures.....	3.7	3.8	3.8	3.7	3.1	3.1	2.3	2.6	2.9	3.1

(1) Excludes \$161.8 for refunding of bonds in FY 1985.

(2) Excludes \$812.7 for refunding of bonds in FY 1986.

(3) Excludes \$170.3 for refunding of bonds in FY 1987.

Value of Agriculture Production Calendar Years 1977 thru 1986 (dollars in millions)

	1986 As Percent of 1985	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977
Field crops.....	85.9	\$1,056.5	\$1,230.0	\$1,508.7	\$1,484.6	\$1,356.1	\$1,411.7	\$1,432.1	\$1,012.7	\$ 955.1	\$ 753.4
Fruit and nut crops..	138.9	680.5	490.0	461.5	502.1	388.9	438.4	369.8	457.5	417.8	361.9
Vegetable crops.....	104.0	162.3	156.0	149.7	138.8	144.9	138.8	120.0	127.1	103.7	86.7
Seed crops (1).....	102.8	25.9	25.2	.....	.....	.....	32.0	41.8	32.0	35.3	27.1
Berry crops.....	87.5	25.1	28.7	22.0	26.8	28.8	22.3	17.3	21.9	20.8	18.2
Total Crops.....		1,950.3	1,929.9	2,141.9	2,152.3	1,918.7	2,043.2	1,981.0	1,651.2	1,532.7	1,247.3
Specialty products(2)	103.2	222.7	215.7	195.4	179.0	170.1	173.2	160.4	186.0	141.6	150.0
Livestock and livestock products..	100.1	886.3	885.2	939.5	908.5	892.5	881.8	811.0	765.9	602.1	486.6
State Total.....		<u>\$3,059.3</u>	<u>\$3,030.8</u>	<u>\$3,276.8</u>	<u>\$3,239.8</u>	<u>\$2,981.3</u>	<u>\$3,098.2</u>	<u>\$2,952.4</u>	<u>\$2,603.1</u>	<u>\$ 2,276.4</u>	<u>\$1,883.9</u>

(1) Seed crops not available for 1982 through 1984 due to program modifications.

(2) Includes forestry products, nursery products, greenhouse products, other horticultural products and mushrooms.

Note -- "....." Indicates data not available.

Source: Washington State Department of Agriculture.

Rank Order of Principal Commodities Value
Calendar Years 1977 thru 1986
(dollars in thousands)

Commodities	Rank 1986	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	% Change 1986 vs. 1985
Apples.....	1	489,280	348,740	326,220	348,790	252,895	301,530	247,695	332,613	270,648	270,970	40
Milk.....	2	468,980	478,471	466,845	476,019	439,991	416,723	382,647	344,011	291,575	255,920	(2)
Wheat.....	3	297,968	437,333	553,208	636,783	561,076	659,932	637,676	460,200	442,152	284,667	(32)
Cattle and calves.....	4	294,337	287,784	339,578	317,284	335,024	335,151	307,939	307,103	208,426	138,230	2
Potatoes.....	5	266,385	219,524	293,164	229,840	198,000	209,034	209,034	123,548	123,737	141,680	21
Hay.....	6	173,877	219,278	235,141	206,848	201,894	170,314	216,563	183,309	125,305	130,112	(21)
Nursery products.....	7	90,000	98,000	100,000	100,000	104,311	98,366	91,094	75,780	61,353	55,619	(8)
Barley.....	8	74,250	110,448	143,325	140,352	110,184	110,200	93,948	43,205	43,578	17,672	(33)
All pears.....	9	72,754	69,126	55,428	48,973	52,005	55,352	54,571	52,557	53,052	35,010	5
Sweet cherries.....	10	59,437	36,527	40,654	55,709	37,888	41,479	30,139	41,101	46,966	25,427	63
Hops.....	11	57,504	66,002	86,732	92,061	93,067	89,205	86,166	38,454	34,838	32,522	(13)
Eggs.....	12	55,577	55,103	67,803	58,110	60,253	64,603	53,095	49,712	43,719	44,823	1
Asparagus.....	13	40,612	42,443	37,454	35,158	33,145	29,268	20,894	26,371	24,335	21,815	(4)
Grapes.....	14	37,120	20,642	20,853	34,252	31,299	30,102	25,865	20,971	35,717	21,648	80
Chickens and broilers..	15	36,049	34,060	36,876	30,056	29,760	31,373	27,059	26,842	23,389	21,084	6
Corn for grain.....	16	35,700	57,240	69,750	63,712	72,000	45,201	42,240	34,958	19,562	17,898	(38)
Corn for silage.....	17	27,000	26,620	26,450	28,750	30,360	24,182	27,531	20,900	18,895	21,120	1
Lentils.....	18	26,637	18,270	11,882	9,775	21,165	22,688	43,358	35,160	21,930	7,286	46
Mint oil.....	19	25,509	26,862	25,196	17,814	13,409	16,734	19,885	17,116	27,240	29,724	(5)
Sweet corn.....	20	24,531	27,240	21,240	24,187	35,856	23,910	20,675	23,214	20,450	14,996	(10)
Onions.....	21	23,770	13,540	20,344	21,555	7,910	22,330	14,562	8,215	11,552	5,727	76
Proc. Green Peas.....	22	20,431	23,616	26,932	20,037	25,455	17,907	18,406	30,967	24,174	21,442	(13)
Dry edible peas.....	23	18,054	12,981	15,743	19,161	18,614	14,729	17,993	13,884	16,800	6,302	39
Ky. Bluegrass Seed.....	24	13,407	8,356	.....	.....	.....	7,436	8,288	7,130	7,878	2,560	60
Carrots.....	25	12,270	11,257	10,941	8,871	7,436	9,781	11,128	8,376	5,171	6,791	9
Dry edible beans.....	26	12,127	12,922	12,585	6,497	10,341	25,530	29,700	19,200	9,275	6,627	(6)
Alfalfa seed.....	27	10,537	14,127	.....	.....	.....	10,736	9,045	10,313	13,954	15,760	(25)
Red raspberries.....	28	10,509	9,433	8,047	7,482	11,892	7,410	4,700	8,852	9,335	6,531	11
Peaches.....	29	8,760	7,365	9,239	6,244	6,021	4,719	5,549	4,991	5,472	4,223	19
Mink.....	30	8,085	7,910	6,928	5,504	5,909	6,912	6,417	7,740	6,618	4,648	2
Hogs.....	31	7,227	7,223	8,992	9,660	9,477	12,087	18,214	12,742	11,463	8,784	0
Strawberries.....	32	6,500	6,971	5,424	7,777	8,072	6,440	6,038	5,696	4,452	5,626	(7)
Mushrooms.....	33	6,263	5,229	5,186	5,474	5,688	4,713	3,671	3,223	3,617	2,831	20
Cranberries.....	34	5,550	8,214	5,706	6,563	4,192	5,379	3,442	3,925	3,016	2,570	(32)
Sheep, lambs and wool..	35	3,696	3,479	2,590	2,430	2,687	3,270	3,002	3,140	3,289	2,398	6
Prunes.....	36	3,329	2,240	2,716	2,374	3,454	1,688	3,436	2,822	3,174	2,244	49
Apricots.....	37	3,319	1,508	1,665	1,751	1,540	771	965	865	753	889	120
Lettuce.....	38	3,175	2,717	3,373	3,080	2,398	3,112	3,072	2,387	1,612	1,591	17
Wrinkled Seed Peas.....	39	2,498	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Oats.....	40	2,467	3,218	3,672	3,347	3,478	3,504	3,906	2,973	2,819	1,957	(23)

Source: Washington State Department of Agriculture

Note: "....." indicates data not available.

STATE OF WASHINGTON

International Trade Facts All Washington Ports Calendar Years 1977 thru 1986 (dollars in millions)

	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977
Exports (1).....	15,837	13,215	11,611	12,125	11,345	14,735	14,023	10,920	7,181	5,448
Imports.....	25,040	20,402	19,190	17,863	16,079	18,043	16,128	13,004	10,022	8,442
Trade Balance.....	(9,204)	(7,187)	(7,579)	(5,738)	(4,734)	(3,308)	(2,105)	(2,084)	(2,841)	(2,994)
Two Way Trade.....	40,877	33,617	30,801	29,988	27,424	32,778	30,151	23,924	17,203	13,890

Source: Washington State Department of Trade and Economic Development. (U.S. Census Bureau)

(1) These figures indicate total international trade from the State of Washington, including bonded shipments to other states and Canada. (Includes Boeing Company figures).

Major Export Trading Partners Calendar Years 1977 thru 1986 (dollars in millions)

Partners	1986*	1985*	1984*	1983*	1982*	1981	1980	1979	1978	1977
Japan.....	4,175	3,477	3,502	2,325	2,462	2,723	3,154	1,958	1,679	1,212
Canada.....	2,483	2,114	2,296	1,971	1,865	2,559	2,356	2,232	1,704	1,461
South Korea.....	1,110	1,021	963	786	599	669	628	482	359	226
Australia.....	986	932	701	73	81	86	78	64	51	60
Fed. Rep. of Germany.....	723	525	35	40	49	57	48	39	.....	.....
Taiwan.....	637	659	632	484	269	443	358	260	174	95
United Kingdom.....	550	542	298	101	165	134	138	83	456	66
Hong Kong.....	530	411	60	53	44	35	24	21	.....	.....
Saudi Arabia.....	528	417	325	152	137	181	128	75	51	36
France.....	485	123	42	40	73	64	56	70	.....	.....

Source: Washington State Department of Trade and Economic Development (U.S. Census Bureau).

*Based on all Washington State ports, all methods of transportation.

Note: "....." Indicates data not available.

Major Import Trading Partners Calendar Years 1977 thru 1986 (dollars in millions)

Partners	1986*	1985*	1984*	1983*	1982*	1981	1980	1979	1978	1977
Japan.....	11,438	9,216	8,523	6,668	6,239	6,410	4,900	3,897	3,303	2,712
Taiwan.....	3,044	3,214	3,165	2,730	2,419	2,684	2,606	2,695	2,289	1,918
Canada.....	3,009	2,077	1,947	2,347	1,748	2,052	2,030	1,572	1,029	704
South Korea.....	1,929	1,349	1,259	1,334	1,024	1,279	1,177	855	639	509
Hong Kong.....	1,248	950	970	1,189	1,104	1,318	1,335	1,059	623	529
France.....	634	532	497	421	449	458	502	460	374	296
China.....	623	464	247	34	29	82	53	32	27	18
United Kingdom.....	441	390	525	374	353	340	316	208	112	87
Australia.....	440	311	151	70	114	144	64	36	.....	.....
Singapore.....	438	315	312	246	206	188	140	119	42	22

Source: Washington State Department of Trade and Economic Development (U.S. Census Bureau).

*Based on all Washington State ports, all methods of transportation.

Note: "....." Indicates data not available.

Public School Enrollment Grades K-12
Average Annual Full-Time Equivalent Enrollment
Academic Years 1977 through 1987

Grades	1986-87	1985-86	1984-85	1983-84	1982-83	1981-82	1980-81	1979-80	1978-79	1977-78
K-8.....	487,846	474,549	471,601	473,620	477,511	484,703	489,452	489,876	489,468	493,098
9-12.....	232,816	234,400	230,946	225,999	224,263	228,061	233,164	239,574	245,449	248,987
Total All.....	<u>720,662</u>	<u>708,949</u>	<u>702,547</u>	<u>699,619</u>	<u>-701,774</u>	<u>712,764</u>	<u>722,616</u>	<u>729,450</u>	<u>734,917</u>	<u>742,085</u>
Annual Average for 10 Year Period										
K-8.....	483,172									
9-12.....	234,366									
Total All.....	717,538									

Source: Washington State Superintendent of Public Instruction.

Note: A Full-Time Equivalent student is defined as:

- a. Kindergarten -- 4 classroom hours/day for 90 days or 2 classroom hours/day for 180 days.
- b. Grades 1 thru 3 -- 4 classroom hours/day for 180 days.
- c. Grades 4 thru 12 -- 5 classroom hours/day for 180 days.

Public Higher Education Enrollment
Average Annual Full-Time Equivalent Enrollment
Years 1977 through 1987

	1986-87	1985-86	1984-85	1983-84	1982-83	1981-82	1980-81	1979-80	1978-79	1977-78
Community College.....	84,406	83,556	83,225	82,317	82,110	86,101	100,357	97,848	88,193	85,666
4 Year Schools.....	<u>69,433</u>	<u>69,301</u>	<u>69,570</u>	<u>69,966</u>	<u>70,012</u>	<u>71,768</u>	<u>74,164</u>	<u>72,487</u>	<u>70,542</u>	<u>71,115</u>
Total.....	<u>153,839</u>	<u>152,857</u>	<u>152,795</u>	<u>152,283</u>	<u>152,122</u>	<u>157,869</u>	<u>174,521</u>	<u>170,335</u>	<u>158,735</u>	<u>156,781</u>
Annual Average for 10 Year Period										
Community College.....	87,378									
4 Year Schools.....	70,836									
Total.....	158,214									

Source: Washington State Higher Education Enrollment Reports, 1977-87.

Note: A Full-Time Equivalent student is defined as:

- a. Undergraduate student -- 15 credit hours per term.
- b. Graduate student -- 10 credit hours per term.

Beginning in 1985-86 enrollment at the Tri-Cities University Center is included within the 4-year schools.

STATE OF WASHINGTON

Domestic Financial Institution Deposits Calendar Years 1977 thru 1986 (dollars in millions)

Financial Institutions	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977
National Banks (1).....	21,859	21,326	18,224	16,850	16,284	16,269	17,302	14,721	12,160	10,558
Percent Increase.....	2.5	17.0	8.2	3.5	0.1	(6.0)	17.5	21.1	15.2	(0.5)
State Chartered Banking Institutions (2)										
Commercial Banks.....	4,074	3,778	3,881	3,564	3,028	2,788	2,741	2,637	2,294	1,911
Percent Increase.....	7.8	(2.7)	8.9	17.7	8.6	1.7	3.9	15.0	20.0	13.4
Mutual Savings Banks.....	4,873	4,089	4,796	4,537	3,601	3,905	4,060	3,867	3,635	3,437
Percent Increase.....	19.2	(14.7)	5.7	26.0	(7.8)	(3.8)	5.0	6.4	5.8	8.2
Branches of Foreign Banks	843	499	563	630	466	412	322	419	362	259
Percent Increase.....	68.9	(11.4)	(10.6)	35.2	13.1	28.0	(23.2)	15.7	39.8	13.6
Federal Chartered Credit Unions (3).....										
Percent Increase.....	27.1	214.3	24.8	14.9	13.8	0.9	7.5	6.8	17.1	26.7
Federal Chartered Home Loan Banks (4).....										
Percent Increase.....	1.9	6.5	9.4	19.0	22.8	0.0	5.6	5.9	10.9	15.0
State Chartered Credit Unions (5).....										
Percent Increase.....	31.7	35.4	7.5	20.9	21.2	2.5	14.3	0.8	15.3	23.4
State Chartered Savings & Loan Associations (5)....										
Percent Increase.....	9.0	29.5	7.9	9.8	(25.3)	(3.8)	8.9	12.5	14.6	19.5

(1) Source: Comptroller of the Currency, Washington D.C.

(2) Source: Washington State Department of General Administration, Division of Banking and Consumer Finance.

(3) Source: Washington Credit Union League, Seattle, Washington.

(4) Source: Federal Home Loan Bank, Seattle, Washington.

(5) Source: Washington State Department of General Administration, Division of Savings and Loan Associations.

Principal Taxpayers For the Year Ended June 30, 1987 (dollars in millions)

Taxpayer	Type of Business	Assessed Value	Percent Total
The Boeing Company	Aerospace	\$ 1,495	0.94%
Pacific Northwest Bell	Telecommunications	1,388	0.87%
Weyerhaeuser	Wood Products	645	0.41%
Crown Zellerbach	Paper Products	431	0.27%
Longview Fibre	Pulp/Paper	369	0.23%
North Pacific Paper	Pulp/Paper	342	0.22%
Martin Selig Real Estate	Real Estate	281	0.18%
Puget Sound Power & Light	Electric Utility	224	0.14%
Washington Natural Gas	Natural Gas Utility	214	0.13%
Atlantic Richfield	Oil Refinery	195	0.12%

Source: Information from top twelve counties in the State of Washington

Note -- Total State Assessed Property Value is \$158,730 million



Washington's Authors

Q: What Washington town is the setting for Tom Robbins' satirical novel *Another Roadside Attraction*?

A: Humptulips.

Q: What Seattle-born novelist had a best-seller in 1963 with her story of eight Vassar College alumnae?

A: Mary McCarthy, author of *The Group*.

Q: What writer who has taught at Western Washington University won the 1975 Pulitzer Prize for *Pilgrim at Tinker Creek*?

A: Annie Dillard.

Q: What Washington science-fiction writer authored versions of the second and third Star Trek movies?

A: Vonda McIntyre--*The Wrath of Khan* and *The Search for Spock*.

Q: Name the celebrated author and contributor to *The New Yorker* who worked as a reporter for *The Seattle Times* in 1922.

A: E. B. White, author of *Charlotte's Web* and *Stuart Little*.